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The Commercial and FINANCIAL CHRONICLE

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John T. Barry With Public Nat'l Bank

E. Chester Gersten, President of The Public National Bank and Trust Company of New York, has announced the appointment of John T. Barry as Assistant Vice President of that institution. Mr. Barry, who has been connected with the St. Louis Office of the General Motors Acceptance Corporation for the past eleven years, will be identified with the Correspondent Bank Division and will devote the major part of his time to the Middle-West, in which territory he is well known.

John T. Barry

He is a native of Illinois and a graduate of the University of Chicago. He started his business career in 1924 with A. G. Becker & Co. and became associated with the General Motors Acceptance Corporation in 1927 and served as Manager of the St. Louis office since 1932.

PENNSYLVANIA

Corporates—Municipals

Special material and items of interest with reference to dealer activities in the State of Pennsylvania appears on page 502.

For index see page 516.

Reopening Trade Channels Will Solve Import-Export Problems

J. C. Rovensky Of Chase Bank Regards Opportunities Lying Ahead As Stupendous

With his return to private business after serving in Washington for several years as Assistant Co-Ordinator of Inter-American Affairs, Joseph C. Rovensky declared on July 28 that "I've come back with a greater regard for our form of government and our way of life than I ever had before." Mr. Rovensky, who is Vice-President of the Chase National Bank of New York, made this statement in speaking at a testimonial luncheon given in his honor by the Latin-American Section of the New York Board of Trade. He further said: "Don't forget that Washington is the head office of your country and today it's the head office of the world. Giving Washington the absent treatment just doesn't get you anywhere, unless you know your Congressmen and Senators and tell them your views; unless you know where and by whom matters affecting your business are being decided—not after—but before the fact." He likewise observed that "everybody in Washington isn't a new dealer or a crackpot, and a lot of men from private business have done an excellent job."

Joseph C. Rovensky

According to Mr. Rovensky "already signs show that big changes are in the making. The Americans are no longer menaced. Our home plate is safe; that Great Britain is safe from invasion." He went on to say:

"The Russians will not only hold but on the soil of Russia the Nazi war machine has broken its back. We know that Africa is firmly in the hands of the Allied forces.

"We know that the submarine menace is licked. The Nazi and Jap vermin of the ocean is being destroyed.

"And we know that the supremacy of the air is ours. And we have seen that this means for the success of our fighting forces in Tunis and Sicily. Italy has cracked. Once more in Mussolini we see another idol with feet of clay. Yes and we see it in Russia and in the Far East.

"And so we enter into new phases. Many of the jobs which were so difficult and so important will from now on ease off. Our plants for war work are built and in production. We know how much material we need and where to get them.

"The shipping problem looks much better. We are building ships at an astonishing rate and the sinkings are diminishing; freeing the Mediterranean has added Great Britain capacity to the Allied cause. More and more we liberate additional areas whose resources become available, while the noose narrows around the enemies' throats.

"We can now get our materiel more safely and speedily. Slowly

(Continued on page 510)

Ford Says More Industry Needed To Build Basis Of Good Society

Calls Money Secondary To Helping General Public

Henry Ford, in a statement on the eve of his 80th birthday, declared on July 29 that business and industry "must build the physical basis of the good society" and called for "more and more industry" to serve America's needs or the world's needs.

Stating the principles that have guided him in his business career, Mr. Ford said that money was never his main object, regarding it as "one of the by-products of business," and that it "must always remain secondary where anything really useful is done."

He asserted that "a business will not lack money as long as it produces something that really helps people," adding that "the only real profit is the general benefit."

Henry Ford

Declaring that only industry can abolish poverty, Mr. Ford stated that more industry "is essential to political and economic freedom, and anything that hinders industry is harmful to the American ideal."

Mr. Ford's statement follows:

"By doing things that need to be done, we have found that the necessary means come along as a by-product.

"We never made money our main object. We regarded it as one of the tools, one of the raw materials, one of the by-products of business, and as a result we always found that we had enough.

"Money is just a part of a practical life—it saves time in exchanging goods—and is no good for anything else.

"People who desire to live off money, thinking that money is wealth, easily become parasites. It is the desire to create something useful that makes them workers.

"The profits we are most interested in are those the public gets from using the commodities that industry produces. After all, the only real profit is the general benefit.

"We never have believed that we could be prosperous alone. Real prosperity is prosperity for all.

"Young men should understand that a business will not lack money as long as it produces something that really helps people.

"But if you make money the object, you are likely to miss it altogether, because money just is not big enough to be the main object. It must always remain secondary where anything really useful is done.

"Our business has been free from all stockholder and financial control, and therefore we could do many things that needed to be done.

"When wages were lowest in this country, we made them high-

(Continued on page 510)

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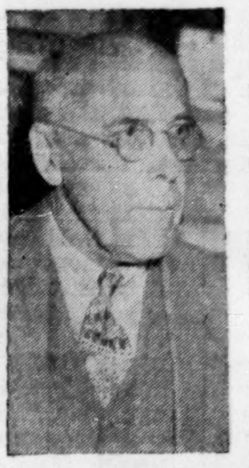
Never Ending Tariff Controversy

Editor, Commercial & Financial Chronicle:

In your July 22nd issue, Dr. Ivan Wright comments upon the tariff problem as follows:


E. S. Pillsbury

"After World War I . . . we became the world's great creditor nation. But we held on to our high tariff policies. Investors demanded protection from the low cost production of foreign countries; labor demanded that their jobs be protected from the cheap goods of European and Asiatic labor. The farmers demanded protection from the low prices of South America, Australia, and Canada, and we proceeded to shut the door to the collection of the proceeds of our foreign investments in the only way they could be collected—in foreign goods.

"After this war . . . foreign countries will need plenty of our capital and consumer goods, provided we are willing to sell them on credit. If we do sell to foreign countries on credit, we know that we cannot collect in gold. The proceeds must be invested in the capital and productive facilities of the foreign countries, and we must accept pay in the goods produced. All of this will make for lower prices and **a more abundant supply of goods in the United States and the whole world for that matter."** (Emphasis ours.)

I tage it that, if carried through to successful conclusion, the policy here advocated would make USA the major loan shark—the chief absentee landlord of the world. The Mexican Government, through its confiscation policy, has recently given us a practical illustration of what that part of the world thinks of the absentee owner. Have we any reason to think that the rest of the world will look upon such a foreign investor very differently if we proceed to become such?

(Continued on page 509)

War, Inflation and The Stock Market

The War

War is bearish and peace is bullish and the price path of our common stocks naturally reflects this. Once the markets took a realistic view of World War II in 1939, the Averages started down from above 155, with the first signs of a permanent upturn about the time of the victory at Midway. Stocks were worth more later that year when the British attacked in Egypt and they have been worth more as we have moved to Tunisia and then to Sicily. The elimination of Mussolini brought some selling into stocks but they should recover quickly as people understand the real significance. In one manner of speaking, the lows under 93, established between the British loss of Singapore and our loss of the Philippines, can be forgotten as phenomena of the past until the war is won and new factors gain the ascendency.

It is the progress of the war that will fix our tax policies, the degree of control on our way of living and, also, the course of the next national election. Stocks today are being appraised mainly by the composite judgment of their theoretical postwar earnings, but if the war against Germany is not won this autumn or by the latest early next spring, all our criteria become meaningless, and a very sharp downward readjustment in stock prices is inevitable.

The basis for expecting such an early victory is simply one of mechanical superiority against shortages and exhaustion. If we misjudge the problem and are involved in an old fashioned land battle of millions of men, resembling the war on the Russian front, then it may take years instead of months to bring the final decision.

From a stock market standpoint, the problem of the war in the Pacific is much less important. In fact, its continuation after the conclusion of hostilities in Europe will tend to ease the reconversion to a peace economy.

Inflation

Many people erroneously think that "inflation" and not war is

(Continued on page 508)

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Panhandle Oil Co. To Enter Investment Field

The Panhandle Producing & Refining Co. is planning to extend its activities to include the field of general investment in addition to its integrated operations in the petroleum industry according to an announcement regarding the special meeting of stockholders called for Aug. 20 at Wilmington, Delaware. A charter amendment authorizing transactions in securities of other corporations will be voted upon at this special meeting.

According to a proxy statement sent to stockholders, the company intends, so that the investment phase of its business will not become subject to the Investment Company Act of 1940, to restrict the maximum value of securities owned at any one time to 35% of total assets, exclusive of cash and government securities, on an unconsolidated basis (amounting to $5,760,573 on Dec. 31, 1942).

Stockholders will also vote on a proposal to indemnify officers and directors against liabilities and expenses in connection with proceedings to which they may be made parties. However, the company, the amendment states, will not indemnify anyone "finally adjudged liable for negligence or misconduct in the performance of his duties."

Albert Quist Now Is With Eastman, Dillon

Albert J. Quist has become associated with Eastman, Dillon & Co., 15 Broad Street, New York City, members of the New York Stock Exchange and other Exchanges. Mr. Quist was recently with the U. S. Navy. In the past he was manager of the municipal department of Mackay & Co. and conducted his own investment business under the firm name of Quist & Co.

Wm. Fuller Co. Admits Cavanaugh, J. Fuller

CHICAGO, ILL.—Audran J. Cavanaugh and Joseph T. Fuller have been admitted to general partnership in the Chicago Stock Exchange firm of William A. Fuller & Co., 209 South La Salle Street, it is announced. Both were formerly with Fuller, Cruttenden & Co. and joined William A. Fuller & Co. at organization. Other partners include William A. Fuller, Wallace T. Combiths and Jerome F. Marquardt.

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Carl Hartwig Joins Staff Of Brailsford

(Special to The Financial Chronicle)

CHICAGO, ILL.—Carl A. Hartwig has become associated with Brailsford & Co., 208 South La Salle Street, members of the Chicago Stock Exchange. Mr. Hartwig was previously with Dempsey-Detmer & Co. in charge of the trading department.

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Byfield Co. Opens New Dept. Under Waldman

Byfield & Co., 61 Broadway, New York City, members of the New York Stock Exchange, announce the establishment of an advisory department to handle problems in trust management and afford counsel on general economic and investment matters for individuals and corporations.

The new department will be under the managmeent of N. E. Waldman who was formerly Chief, Analysis and Statistics Section, General Industrial Equipment Division of the War Production Board. Previously he was head of an investment counsel firm under his own name from 1932 to 1940. Mr. Waldman has been chairman of the Bondholders Committee in reorganization of Philadelphia and Reading Coal and Iron Company since 1937.

Impact Of Events On Investment Policy

The impact of events on investment policy is discussed in the current Bulletin issued by Strauss Brothers, 32 Broadway, New York City. Copies of this interesting bulletin with a list of suggestions may be obtained upon request from Strauss Brothers.

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OUR REPORTER'S REPORT

Institutional portfolio managers are being severely squeezed these days between the dearth of new and suitable "legals" on the one hand and the heavy calls for redemption of corporate bonds on the other hand.

The shortening of the field of operation open to such interests is not widely appreciated until something like the North American Company's plan for breaking up its system to meet the requirements of the "Death Sentence" order of the Securities and Exchange Commission brings it into bold relief, temporarily at least.

Under the program of dissolution just filed with the Commission, North American Company proposes to split its remaining properties up into four regional groups integrated so as to meet the requirements of the Public Utility Holding Company Act.

To do this it is planned to retire the remaining 3¾ and 3½% debentures of the parent company now outstanding, through the use of proceeds of a $34,881,500 bank loan, carrying a 2% interest rate, for which arrangements have been completed.

As a further indication of what institutions are up against, it is estimated that savings banks throughout the country will show a reduction approaching $300,000,000 in holdings of corporate obligations due to retirements and redemptions this year.

Post-War Reserves

Another factor in the growing trend toward debt retirement is the disposition on the part of corporations engaged primarily in war work to set aside portions of their earnings as reserve for reconversion needs and other possible contingencies.

Naturally it would not be economically justifiable to hold such funds in cash, so the urge is to put these monies to work. This is done largely, it is assumed in one of two directions.

Either the corporation puts such funds into war bonds of the Treas-

(Continued from page 509)

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Likens Flood of Purchasing Power Being Stored Up To Boulder Dam

Urges Extension Of Controls To Avert Post-War Boom

Editor, The Commercial & Financial Chronicle:

As you invite comments on Dr. Ivan Wright's second article on inflation, I submit the following.

There is impounded behind the 726-foot wall of Boulder Dam the largest artificial lake yet created by man. If for some reason it were necessary to empty this reservoir, the engineers would increase the outflow so that it exceeded the inflow and over a period of time the level of the lake would gradually be lowered and the flood waters would harmlessly run to the sea.

Richard C. Lilly

There is now impounded behind the economic dam created by the war the greatest flood of purchasing power ever known to have been stored up. In Dr. Wright's article it seems to me he accepts the thesis that when the war is over the engineers will blast the dam, releasing a great tidal wave of purchasing power on a parched valley of production. This tidal wave will carry with it a rise in prices that will be unheard of in this country and in a short period of time will have expended itself and the valley will be subjected to a drought of deflation.

I cannot understand why no attempt is made to educate the American public to a procedure of scientifically reducing this impounded purchasing power. There seems to be great timidity about vigorously continuing controls of business into the peace period. As soon as this is suggested, and Dr. Wright does indicate that an effort may be made in this direction, there is an attempt to place a New Deal label on any such proposal. The thought behind this seems to be that the conservatives have accused the New Dealers of instigating controls during

(Continued on page 511)

NASD Refutes Contentions Of Those Advocating Listing Of All Securities

The National Association of Securities Dealers, Inc. takes exception to the views expressed by Howard R. Taylor, President of the Baltimore Stock Exchange, and others advocating listing of all securities on exchanges. (Mr. Taylor's statement is carried in full in the "Financial Chronicle" of July 22nd, page 298.) The NASD, in an article which will appear in the next issue of the "NASD News," a reprint of which the Association will send to every member of Congress, declares:

NASD has never believed that constructive ends result from public exposition of the securities business' internal differences. But it feels compelled to answer charges that have been made against the character and responsibility of the business of the vast majority of its members. Apparently several spokesmen for small stock exchanges have gone to Congress or to the press with statements and arguments that can and must be refuted. One such spokesman is Howard R. Taylor, President of the Baltimore Stock Exchange. In June, he wrote a letter to every member of Congress, circulated copies among the press; followed this up some time later with a press release; in July addressed another appeal to members of Congress. In the following, which is a reprint of a reply which NASD has sent to every Congressman, certain of the statements made by Mr. Taylor in his first letter are in bold face and NASD comment in Roman immediately under each passage:

* * *

"Do you know that any and all securities may be bought and sold in any public or private place, while by Congressional Act a large percentage of the securities purchased by the public every day are barred from being traded on the supervised stock exchanges?"

(Continued on page 514)

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Says SEC Should Be Administered By Men Sympathetic To Our System Of Free Enterprise

Seward M. Lawson, Stoetzer, Carr & Co., Penobscot Building, Detroit, addresses the following letter to Senator Homer Ferguson of Michigan in which he advocates, among other things, that Congress make it mandatory that executive officers of the SEC be men with actual experience in the securities field:

"Recent hearings before the House Committee on Interstate and Foreign Commerce wherein certain members of the Securities and Exchange Commission staff were questioned as to their financial, and certain of their past political affiliations, developed the amazing fact that most of them had never had any practical experience in the business that they are empowered by Congress to regulate. Good business wisdom should determine that before Congress appropriates any more funds for the upkeep of the SEC, that it should amend the Securities Acts so as to at least make it mandatory that executive officers of that Commission should have a certain amount of actual experience in the business over which they are given so much authority.

"In the revival of private business, which is anticipated after the war, much new public financing and refinancing will be required to repay present Government loans, and provide for the development and manufacture of new products. The investment banking business is a most important link in the chain of private enterprise.

"If such agencies as the SEC are to regulate without destroying the creative energies of the industries in this country, these particular grants of delegated power should certainly be administered by men whose background is sympathetic to free enterprise, and our traditional institutions.

"The industrial communities of this city, and of the country at large, have demonstrated their ability to deliver the goods, and would like to feel that they can trust you to see that such commissions as the SEC are governed by the experience of practical men with first-hand knowledge of the business involved.

"May we count on you?"

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Allen Elected Pres. Of Detroit Bond Club

DETROIT, MICH. — Alonzo C. Allen was elected the 28th President of the Bond Club of Detroit for the year 1943-44 at a special meeting of the Board of Directors.

A. C. Allen

Mr. Allen has been engaged in the securities business in Detroit since his graduation from the University of Michigan in 1926, having started with Halsey, Stuart and Co. In 1936 he opened the local office of Blyth and Co., Inc., and is still associated with that firm. He has been active in many security and investment banking activities for several years, having previously served as Secretary-Treasurer, and Vice-President of the Bond Club, and is at present Vice-Chairman of the Michigan Group of the Investment Bankers Association.

Other officers elected are William M. Adams of Braun, Bosworth and Co., Vice-President, and Howard L. Parker of M. A. Manley and Co., Secretary-Treasurer. These officers together with Charles C. Bechtel of H. V. Sattley and Co., Douglas H. Campbell of The First of Michigan Corp., John L. Kenower of Miller, Kenower and Co. and Bert F. Ludington of Watling, Lerchen and Co. will comprise the Board of Directors for the coming year.

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N.S.T.A. Advertising Notes

With approximately two weeks left, we have signed contracts equivalent to the total business secured last year. With a small amount of individual time devoted toward developing ads for our special edition of "The Commercial and Financial Chronicle," we could easily double last year's return to our National Treasury.

Los Angeles reports that President Donald E. Summerell of Merrill Lynch, Pierce, Fenner & Beane is covering their membership and, with business already sent in, hopes to substantially increase these amounts in the near future.

Gene Hussey, First Boston Corp., President Boston Securities Traders Association, informs us that in addition to Dayton Haigney, Chairman, Carl Jordan of R. W. Pressprich & Co. and Sumner Wolley of Coffin & Burr complete their local advertising committee.

Our New Orleans affiliate has named Jerry Glas of Glas & Crane Chairman, and their President, J. W. Kingsbury of Kingsbury & Alvis is assisting Mr. Glas.

I know we are all busy and most offices are short of help, but I'm sure all will recognize the fact that a call or two on the phone will ring our **National** cash register.

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Urge Making NSTA Reservations Early

The National Security Traders Association announces that it has been able to reserve a block of rooms at the Palmer House for members attending the Annual Election Meeting to be held in Chicago on Aug. 20 and 21. In order to confirm accommodations, those planning to be in Chicago are urged to get in touch with Larry A. Higgins, Hulburd, Warren & Chandler, Chicago, who is in charge of hotel reservations. Registration blanks should be sent, with check, to Leo J. Doyle, Doyle, O'Connor & Co., 135 South La Salle Street, Chicago, as soon as possible as it is more important than ever to have advance registrations in order to provide for luncheons and dinners under the ration requirements.

Every member of the Association is invited to attend every session held during the Annual Meeting, which will be outstanding in many respects and one of great importance. The Association wants the support of the membership and it is hoped that as many members as possible will arrange to be present.

Nathan Sharp Now With R. S. Dickson In Cgo.

(Special to The Financial Chronicle)

CHICAGO, ILL.—Nathan S. Sharp has become affiliated with R. S. Dickson & Company, Inc., 135 South La Salle Street. Mr. Sharp, who has recently been with the War Production Board in Chicago, was formerly manager of the municipal bond department of Bacon, Whipple & Co., was Chicago manager for R. W. Pressprich & Co. and was with Brown Brothers Harriman & Co. and Central Republic Company.

Amott, Baker Opens Branch In Boston

BOSTON, MASS.—Amott, Baker & Co., Inc. have opened a branch office at 30 State Street, under the management of Wayland M. Minot. Mr. Minot was formerly with H. C. Wainwright & Co. and in the past was local manager for Allied Distributors, Inc. and Distributors Group, Inc.

A. J. Morison Heads Cohu & Torrey Dept.

Cohu & Torrey, 1 Wall Street, New York City, members of the New York Stock Exchange, announce that A. J. Morison has become associated with them as manager of their syndicate department. Mr. Morison for many years conducted his own investment business, under the firm name of A. J. Morison Co.; this firm has been dissolved.

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Railroad Securities

At least from a trading angle the day-to-day war developments have become the completely dominating factor in railroad securities. Investment sentiment has not been altered by the rcent favorable trends of the war—bonds of the caliber of Louisville & Nashville, Great Northern, and Pennsylvania junior mortgages and the senior bonds of somewhat weaker credits have been notably firm at or close to their highs. There has also been a very consistent good demand for the maturities of up to ten years of all but the weakest credits. The speculative sections of the bond market and virtually all sections of the stock market, on the other hand, have been highly nervous.

The week-end announcement that Mussolini had been ejected as head of the Italian government heaped fuel on the fire of an incipient peace psychology which earlier had fed on the failure of the German offensive in Russia, the strength of the Russian counterdrive, and the speed of the United Nations drive in Sicily. There was a sharp drop in prices for speculative rail securities characterized by a withdrawal of bids. Offerings were just as scarce a few days later when announcements from Rome indicated that the Italians might continue to fight with the assistance of Germans. This rally was short-lived, however, and peace sentiment was again to the fore at the close of the week.

There is every reason to believe that the flow of war developments will continue as the major factor in speculative price movements, at least for the time being. This peace psychology might well hit its peak with the final surrender of Italy. If this brings another sharp break in speculative bond prices it will, in the opinion of many rail men, afford an excellent opportunity for the accumulation of the better situated reorganization securities at bargain prices. These analysts contend that while the selling pressure was, and is, to be expected in view of the previous sharp advance and the large speculative trading following that this type of bond had attracted, it is by no means justified on the basis of the fundamental value of, and long term prospects for, the securities.

For some time past the speculative appeal in the general run of reorganization securities has rested mainly on the implications inherent in the large accumulations of cash. This cash is already in the respective treasuries, and is not merely a hope of what may come from a continuation of the traffic boom. Even an immediate end to the war would not cause the present substantial balances to evaporate, and reorganization capitalizations have been set up in such a manner as not to cause a cash drain even in depression periods. Therefore, to the extent that strong finances may have justified bullishness in individual reorganization roads two weeks ago, they are still elements of value today regardless of the favorable war trends.

Aside from the cash consideration, it is also being pointed out that no realistic appraisal of the situation can support the theory that railroad traffic and earnings will decline precipitously on completion of the European phase of the war. Presumably such a development would mean intensification of the drive in the Pacific theatre, which in turn would mean complete utilization of at least the transcontinental rail facilities. Even if the end of the war in Europe should come within a relatively short time and if this should be the signal for reduced production of war materials, it would not likely have a serious effect on rail traffic.

If plants were released from war production and there was an easing of the tight situation in raw materials, production for civilian use would almost certainly be correspondingly increased, thus taking up any slack that might develop in overall industrial activity. As a matter of fact, such a development would be fundamentally very constructive from the point of view of the carriers. It would mean a gradual conversion from war to peace activity, rather than the sudden changeover that will be necessary if peak war production is continued right up to the final end of all hostilities. Gradual rather than sudden conversion would obviate the temporary very sharp contraction in rail traffic which is generally expected at the war's end. On the basis of all of these considerations it is difficult to recognize any valid excuse for continued bearishness toward the well situated reorganization rails at this time.

Morris-Essex Interesting

The current situation in Morris & Essex offers attractive possibilities, according to a circular issued by Raymond & Co., 148 State Street, Boston, Mass. Copies of this interesting circular may be had from the firm upon request.

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Pennsylvania Brevities

Tractions Remain In Favor

Philadelphia Transportation Co., although required by the Office of Defense Transportation to operate at a restricted mileage as a means of conserving metals, rubber and fuel, is carrying the highest passenger load in the history of the system.

Each normal weekday, an average of 3,350,000 passengers are using the trolleys, buses, subways and elevated lines, an increase of 100,000 in the last six months, with indications that the passenger load will go higher. Industrial Philadelphia, attracting thousands of war workers, has placed a heavy burden on transit facilities.

In the opinion of most local dealers, P.T.C. securities have have not fully reflected the steadily improving financial affairs of the company. John Ruchdeschel of Stroud & Co., who has a penchant for such things, has calculated that, since reorganization in 1940, almost $9,000,000 in senior debt has been retired. In addition, equity in equipment issues has increased over $3,000,000. These betterments are equivalent to something over $380 per bond on each Philadelphia Transportation Co. 3-6, 2039.

Pittsburgh Keeps Pace

Although no progress can be currently reported in unscrambling the corporate entanglements of the Pitsburgh Railways Company system, the fare registers continue to click in crescendo. As of the mid-year, the company held approximately $11,000,000 in its treasury. Net earnings for the six months to July 1 are understood to be about $2,200,000, or slightly larger than the net figure for the entire year of 1942. Bondholders have received no interest since operation was taken over by Trustees in 1938 and there appears to be no concerted disposition on the part of the management or of the Philadelphia Company, owner of the equity, to press for consumption of a plan of reorganization. Although only a minority of the underlying securities are publicly-held, it might well be that the Philadelphia Company doesn't wish to run the risk of being 'Deep Rocked' out of its equity by precipitating a showdown.

With earnings and cash steadily mounting, holders of the senior issues can afford to be patient.

* * *

George H. Williams, President of the Investment Traders Association of Philadelphia, will head the Quaker City delegation which will attend the annual meeting of the National Security Traders Association to be held at Palmer House, Chicago, August 20 and 21. Russell Dotts, Bioren & Co., and R. Victor Mosley, Stroud & Co., have volunteered to second "Doc the Raconteur" in an inevitable and off-the-record contest between the Philadelphia champ and Sidney Spritz, Cincinnati titleist.

* * *

Popular among Smoky City dealers is the common stock of West Penn Power Co., a unit of American Water Works & Electric Co., supplying electricity to the highly industrialized area surrounding but not including Pittsburgh. The company is a low-cost producer, obtaining its fuel requirements direct from subsidiary mines. Earnings, which are well stabilized, should hold around the 1942 level of $1.60 per share and maintenance of the present indicated $1.00 dividend rate is expected with a larger payment possible later in the year.

* * *

Sharing in the prosperity of the Pittsburgh area, the stock of **Peoples Pittsburgh Trust Company** is gaining in investment interest in Eastern bank stock circles. Earnings for the first quarter of 1943 were reported equivalent to $0.60 per share, thus indicating a substantial coverage for the $1.60 annual dividend rate. The company was incorporated in 1930 as a consolidation of Peoples-Pittsburgh Trust Co., Metropolitan Savings Bank & Trust Co. and Peoples Trust Company of Pittsburgh. Conducts a general banking and trust business. Operates seven branches and is a depository for public funds. Also owns a stock interest in the First National Bank of Pittsburgh and controls Dormont Savings and Trust Company.

* * *

Although, throughout 1942, the entire output of the storage battery department of Philco, was absorbed by the armed forces and essential civilian users, it was not until the latter part of the year that full conversion of other divisions was

(Continued on page 503)

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Pennsylvania Municipals

By EDWARD W. KLING

The Delaware River Joint Commission refinancing has come and, for most Pennsylvania Municipal Dealers, gone. For all who participated it was a fine piece of business. It was a little disheartening in some cases not to be able to fill customer's orders in full, but on the other hand, this slight deficiency in supply is on of the best reasons for the excellent market the bonds have had since issuance.

It was the largest piece of local financing since the Philadelphia Gas Revenue bonds and one of the largest of all time. The Gas Revenue Bonds were taken in large blocks by the various State Funds but only a meager amount of the bridge bonds were absorbed by them. The demand from the local institutions was considerably greater than anticipated and accounts to a great extent for the success of the loan. It was very fortunate for the Bridge Commission, for the dealers in the syndicate and for the investing public that the two bidding groups combined at the last moment. It undoubtedly made a better price possible and the selling strength of such a group put the deal on ice. It is a fine tribute to the excellent management that the bridge has continuously enjoyed that a project entirely dependent on gasoline and rubber could refund so advantageously at a time which we hope and believe to be the low ebb of rationing.

The dearth of supply of new issues seems to be particularly applicable to Pennsylvania. There have only been two issues issues of any moment in the last few weeks. Lower Merion Township School District, one of the best credits in the State, sold an issue of 1-10 year serial bonds at an interest cost of .74%, an all time high. Although the winning bid was for a 1% coupon with a substantial premium, there were several bids for a ⅞% coupon and out of eleven bids made, the lowest was also for a 1% coupon. The School District of the City of Scranton also sold a block of 10½ year average bonds as 1¾s at a 1.60% basis. Several new issues are in the offing but none of any great magnitude. It is extremely hard to accumulate an inventory of any size in Pennsylvania Municipals and practically impossible without recourse to the over-the-counter market. The floating supply of these latter bonds although lately augmented by substantial blocks of Pitssburgh and Allegheny County Bonds on the average is fairly slim and the turn-over is very rapid at top prices. As a matter of fact, prices are considerably higher than in late 1941 with no top in sight.

The condition of the market of **City of Philadelphia** bonds is slightly different. Although they have had a reasonable rise this year, they continue to be much more attractively priced than of smaller communities throughout the State. Due to the refunding program, the second phase of which is now in operation, exchanges have been and are being made from a large variety of old issues into new ones which tend to consolidate the old ones into fewer but larger new ones. The result is that there are presently available several large blocks of a few maturities at currently attractive prices.

Revenue Bonds, such as the **Delaware River Joint Commission bonds** and **Local Housing Authority Bonds** have certainly been a God send both to the dealer and the investor since the curtailment of new issues. Pennsylvania institutions, as usual, have been very cautious in their approach but are gradually and slowly looking more favorably on both. Without such bonds and without what selling there has been for replacement in government issues, it is almost impossible to imagine what the lack of supply would have done to prices which are bad enough as it is. It would make a nice nightmare for an investor with a million-dollar income.

Louisville Bond Club Elects New Officers

LOUISVILLE, KY.—At its annual meeting and election, the Bond Club of Louisville elected the following officers for the coming year:

President: H. Allan Watts, W. L. Lyons & Co.

Vice-President: Otto C. Ruth, James C. Willson & Co.

Secretary: Russell Ebinger, Smart & Wagner

Treasurer: Albert C. Brocar, Jr., J. J. B. Hilliard & Son.

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End Of An Era

Roger W. Babson Appeals For Small Communities

The end of Mussolini's twenty-one-year rule over Italy came so suddenly that its significance has yet to be appreciated. It marks, however, a definite end of an era of confusion. The sands of all dictators are now running out. Whether governments of Fascists, Nazis, Revolutionists, Socialists or New Dealers, or city dictators—their ends are in sight. We shall return to Religion and Democracy.

We also face a return to "Relief"—not to New Deal relief, but to relief coming from one more demonstration that what is fundamentally right will prevail. We, however, do face new economic problems that will arise in connection with post-war events.

Roger W. Babson

To date, the rise in the cost of living has been kept within reasonable limits. The National Debt has risen to astronomical heights; but it is being adequately serviced. Money in circulation per capita is the highest in our history. Consumer goods inventories are holding up pretty well; and we should now see more, rather than less, such goods. For the time being, however, there is relatively less for which the average wage worker can spend his money. Hence, Secretary Morgenthau's continued efforts to switch the bulk of War Bond buying from banks to the individual—from the cities to the towns. Any high degree of inflation is likely to come after the War, rather than now.

It thus becomes essential that everything possible be done to prevent a post-war scarcity of goods and resulting uncontrollable prices. This should be the basis of our post-war recovery plan. Russia, North Africa, Latin America, Denmark, Norway and Holland may provide a good deal of food. It becomes more apparent, however, that we shall have to feed, as well as help clothe, several hundred million people outside of our own, beginning with North Africa, Sicily and Italy. For two or three years, we may be obliged to produce much more food and merchandise than ever before.

Small-Town Opportunities

Henry Ford may live to see a revival of his ideas for small factories and processing companies located in towns near raw materials and foodstuffs sources. When 30,000,000 war workers and 10,000,000 service men are demobilized, the larger cities will feel the effect of unemployment and depression the most. Plant owners and labor will fight over wage and production schedules just as they did in 1918-21. Hundreds of large city plants may be idle. It is possible for unemployment to reach new heights unless people return to their birthplaces during the post-war period.

The smaller communities hold the key to solving the problem. The total population of small towns exceeds that of our large cities. If the businessmen, bankers, editors, farmers and other leading citizens of our small cities and towns can get together and operate, by themselves or through government loans, small and efficient plants they can absorb the unemployment slack. I anticipate that 75% of post-war unemployment will be taken care of by existing consumer goods plants and by reconverted war plants. Taking care, however, of the remaining 25% of unemployment may spell the difference between the American way of living and a more drastic planned economy.

World Markets Important

One of the biggest battles at the Peace Table will be over the question of tariffs, shipping and air routes. Whether we can long compete with certain other nations in the cost of manufacturing goods, in the cost of growing and processing foodstuffs, in wage rates and in shipping costs remains to be seen. Foreign trade competition will be unprecedented after the war. To gain an edge on this, we can at least, while the war is on, assure ourselves of surpluses far and beyond our own needs. Foreign demands for our goods and services will be great and we must be prepared fully to meet them. To do this may require a temporary lower standard for wages and living for all groups. This would be better than unemployment.

No other nation is so fundamentally equipped to expand as we are. Control of the post-war world markets would put us at the head of the Peace Table regardless of any question as to whether we, England or Russia had done the most to knock out Hitler. But we can accomplish little without the industrial development and help of 80,000,000 consumer-producers of the American rural hinterlands. In the hands of this group—rather than our large cities—lies the physical salvation of much of the world and certainly the winning or the losing of the coming economic battle on our own postwar home front.

Advice to Young People

Several conclusions may be reached from the above analysis. The chief one is that those now living in towns and small cities should stay where they are and not seek the large cities. Those now in the larger cities should plan to get back to their "home towns" just as soon as the war is over. Following World War II the best opportunities for both young and old will be on good farms and in spiritually minded small communities.

The Stock Exchange Official Year-Book

The 1943 edition of the Stock Exchange Official Year-Book, published in London, England, has just been released in this country, thus making its fourth appearance during the period of the war, conditions continuing to be highly unfavorable.

In most respects the book follows the familiar lines of previous editions containing the complete financial particulars of thousands of companies and securities. The current edition also has particulars of the Joint Advisory Committee of Stock Exchanges and a list of "Marking Names" recognized by the market. A list of local authorities in England and Wales authorized to issue local bonds, which appeared in earlier editions of the book, has been reinstated.

Of particular use and interest, due to the war, is a special list of emergency addresses of companies, registrars, etc., dealt with in the book.

The current issue, which is published by Thomas Skinner & Co. (Publishers) Ltd., London and New York, under the sanction of the Committee of the London Stock Exchange, contains 3,144 pages, and costs $25 per copy in the United States and Canada (duty paid).

Pennsylvania Brevities

(Continued from page 502)

accomplished. Philco's wartime capacity has been estimated at more than double its peacetime output, or above $155,000,000 annually. Earnings for the first quarter of 1943 were reported at $0.56 per share compared with $0.43 in the corresponding period of 1942. The completion of engineering work on additional Army and Navy equipment is expected to add to production and sales during the balance of the year. Philco is a leading supplier of radar and electronics equipment to the government and is planning to continue to service the Army and Navy in the post-war period as well as to develop industrial applications.

* * *

American Lime & Stone Co., a wholly - owned subsidiary of **Warner Company**, has called its outstanding issue of first mortgage 5½s, 1951, for payment at 103 on September 1. Warner Company's new government-financed magnesite plant, in operation since May, is expected to add materially to the company's current earnings and to provide for a diversification of activities in the post-war period.

* * *

The SEC's sour reflections on the proposed plan of reorganization of the Philadelphia & Western Railway found no sympathy from Judge Kirkpatrick in the U. S. District Court, who last week approved the plan and referred it to bondholders for acceptance or rejection.

Shipments for the first seven months of 1943 of **Electric Storage Battery Co.**, it is estimated, will run 25% ahead of the 1942 period, with orders about 35% greater. Backlog is approximately 60% larger than at the end of July, 1942.

* * *

Pretty is as pretty was the verdict of the Public Utilities Advertising Association in awarding first prize for excellence in public relations advertising to **Philadelphia Electric Company.**

* * *

United Gas Improvement Co. reports consolidated net earnings of $9,366,231 for the first half of 1943, compared with $8,074,485 a year ago. These earnings included dividends actually received from Philadelphia Electric Co. and Public Service Corp. of N. J., major portions of which are in the process of distribution under U.G.I.'s plan of divestment.

* * *

The next most probable distribution to **U.G.I.** stockholders, subject to the SEC's favorable consideration, is likely to be the parent company's holdings of **Delaware Power & Light Company.** The proposal involves the acquisition, by U.G.I., of the common stock of Eastern Shore Public Service, merger of that company with Delaware Power & Light and distribution of the stock of the consolidated company.

* * *

R. Conover Miller, E. W. & R. C. Miller & Co., has been appointed Chairman, Quotations Committee, NASD District No. 12. "Connie" will supervise the preparation of unlisted quotations furnished the press in Philadelphia. He is known among close friends as one of the few Philadelphia marines who ever learned to read and write.

* * *

York Corporation, formerly York Ice Machinery Corp., in a report to stockholders, reports completed sales for the first nine months of 1943 of $15,921,651 compared with $11,095,507 as of the same date in 1942. Reserves for estimated taxes were slightly over three times as great as in the preceding comparable period, resulting in estimated net profit of $789,922 compared with $735,928. The management discloses placing of what it believes to be the largest single order for refrigeration in the history of the industry, received after books for the third quarter had closed. This equipment, the use and destination of which are military secrets, will have a cooling capacity equivalent to the melting of a block of ice weighing 23,440 tons, every 24 hours.

* * *

Pennsylvania was second only to New York in internal revenue collections for the fiscal year ended June 30, the Treasury Department has announced. The local 'take' was reported as $1,993,466,069, compared with $1,163,720,211 for the previous year.

Buckley Bros. Opens New Pittsburgh Branch

Buckley Brothers, members of the New York and Philadelphia Stock Exchanges, have opened a new branch office in Pittsburgh, Pennsylvania, in the Union Trust Building, under the management of Horace C. Moffet. Associated with Mr. Moffet in the new office will be M. Peirce Cook. Both were formerly with Craigmyle, Pinney & Co. and R. E. Swart & Co.

Buckley Brothers have also opened a New York office at 63 Wall Street, under the direction of Tracy R. Engle. Opening of the New York branch was previously reported in the Financial Chronicle of July 29th.

The firm's main office is in Philadelphia and branches are maintained also in Los Angeles and Hagertown, Md.

NASD District No. 13 Appoints Geo. Rieber

The Executive Committee of District No. 13, National Association of Securities Dealers, Inc., announces the appointment of George E. Rieber as Assistant Secretary of the District. In this capacity he will act as aide to Frank L. Scheffey, who has been Executive Secretary of the Thirteenth District since the inception of the Association. Mr. Rieber will also act as Secretary of the District Uniform Practice Committee and the District Quotations Committee.

Mr. Rieber has spent his entire business life in the financial district, where for 26 years he had been connected with several leading brokerage firms. He has also acted as instructor on Brokerage Procedure in the Columbia University School of Business and the New York Institute of Finance. Mr. Rieber joined the staff of the National Association of Securities Dealers, Inc., in 1941.

American
Investment Securities
Bought — Sold — Quoted
KENNEDY AND CO.
Established 1923
Members Philadelphia Stock Exchange
Land Title Building
PHILADELPHIA 10, PA.
Telephone Rittenhouse 3940
Bell System Teletype PH 380

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Members Pittsburgh Stock Exchange
GRANT BUILDING
PITTSBURGH 19
ATLANTIC 0881
Direct Private
Wire to Our
New York Office
52 William St. Bell Teletypes:
New York 5 PG 482
HAnover 2-2823 NY 1-1420

Philadelphia
Transportation Co.
All Issues
Philadelphia Real Estate
Bonds & Stocks
Samuel K. Phillips & Co.
Members Philadelphia Stock Exchange
Packard Bldg., Philadelphia 2
Teletype N. Y. Phone
PH 375 REctor 2-0040

York Corp.
$1 par common
BOENNING & CO.
1606 Walnut St., Philadelphia 3
Pennypacker 8200 PH 30
Private Phone to N. Y. C.
COrtlandt 7-1202

Pennsylvania
and New Jersey
Municipal Bonds
Dolphin & Co., Inc.
Fidelity Philadelphia Trust Building
PHILADELPHIA
Telephones:
Philadelphia—Pennypacker 4646
New York—HAnover 2-9369
Bell System Teletype—PH 299

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Insurance Company of North America
Camden Fire Insurance Association
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Members Philadelphia Stock Exchange
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INCORPORATED
63 Wall Street, New York
CHICAGO JERSEY CITY LOS ANGELES

Investment Trusts

Results Of Questionnaire

In his search for the answers to questions vitally affecting the American people, Dr. Gallup appears to have overlooked a fertile field of informed opinion. It has remained for Hugh W. Long & Co., Inc., well-known investment company sponsor, to find out what investment dealers throughout the country believe will be the pattern of our post-war economy.

In a survey of dealer opinion covering 36 States, the Long Company questionnaire produced the following results:

1. Investment dealers generally believe that post-war business will show a substantial advance over present volume.

2. About two-thirds think that present or higher income and corporation taxes will be continued after the war and that price controls will not be abandoned for some time after victory.

3. Roughly 75% believe that living costs will continue to rise after the war, but that private industry will be able to prevent a dangerous degree of post-war unemployment.

4. Industries regarded as having the best post-war outlook rank as follows: Automobile (with a vote of 64%); Chemicals (37%); Airlines (32%).

5. Industries regarded as having the poorest post-war outlook: Machine Tool (with a vote of 49%); Railroad (48%); Aircraft Manufacturing (44%).

6. Germany's ultimate defeat will come next year in the opinion of 69% of the dealers and 51% believe that Japan will collapse in 1945.

Other questions dealing primarily with conditions in the investment business and its outlook brought the following response:

1. 98.5% of the dealers are now keeping their offices open one or more evenings a week for the benefit of war workers.

2. Wartime shifts in population have helped business for 37%, hurt 20% and have had no apparent effect on 43%. However, 41% of dealers' former staffs have been absorbed by the war effort.

3. Only 33% have lined up the men they want for associates after the war, while 73% believe that most of their former associates will return to the investment business. (We're checking this one!)

4. And finally, 86% believe that post-war conditions will be such as to encourage investments.

* * *

The writer of this column should not take a vacation. On returning from a short one, we find the accumulation in our mailbag so large as to prohibit more than summary notices on the items of interest.

First on the list we should like to mention the July issue of Calvin Bullock's **Perspective.** This bulletin contains a "Comparative Study of Economic Conditions—World Wars I and II." Replete with Charts, the discussion reaches the following conclusion: "While granting that the market after a rise of the degree and duration which it has experienced to date might be vulnerable to such temporarily disquieting news as may develop with the war approaching its climatic phase, we continue of the opinion that, regardless of near-term fluctuations, the investor should be placing major emphasis in his current portfolio on carefully selected and broadly diversified, dividend paying common stocks in view of the strong inflationary environment now prevailing and in prospect, as well as the favorable outlook for business in the post-war period."

* * *

A recent issue of Keystone Corp.'s **Keynotes** asks, "Is an uninvited guest going along on your vacation?" The "guest" in question is worry about the effect of war and change on your investments. There is a simple solution according to the bulletin—put your funds in diversified lists of those classes of securities which fit your requirements and arrange for continuing supervision by an experienced research staff. In other words, Keystone Custodian Funds.

The latest issue of **Keynotes** lists the 30 stocks in the Dow-Jones Industrial Average and shows their individual performance during the first half of 1943. The gains ranged from a high of 53.6% for Goodyear down to 2.9% for Corn Products, as compared with a net gain of 20.0% for the average. Since the mathematical odds against your picking the best stock in the list are 29 to 1, the bulletin concludes that adequate diversification and continuous supervision are the intelligent answer.

* * *

"The 'Group Method' is Growing!" announces Distributors Group in a special letter to active dealers in Group Securities. As evidence of this statement, the letter reports that in the past 6 months dealer sales of Group Securities have exceeded $6,500,000. Dealer concessions on this business have totalled more than $400,000.

"We wrote you on April 28, 1943, 'Leading steel stocks are drastically undervalued' — **and wish to re-emphasize it now!"** To support this statement Distributors Group has recently mailed to affiliated dealers reprints of articles on the post-war outlook for the steels. One, taken from the New York "Times," is by George W. Wolf, president of the United States Steel Export Company; another appeared in Moody's Stock Survey of July 19. Both are strongly bullish on the steels and, as Distributors Group puts it, add two more voices to the swelling chorus of qualified observers who are turning bullish on steel stocks.

* * *

An interesting innovation by Lord, Abbett is its "Message to Shareholders" containing news about Affiliated Fund. This well-prepared goodwill builder was apparently mailed out to shareholders in advance of the regular June 30th Report.

* * *

National Securities & Research Corp.'s series of articles in its **Investment Timing** service dealing with post-war backlogs and business of various industries have recently dealt with Radio, Steel and Office Machines. These articles are carefully prepared and should be highly stimulating to investors interested in these industries.

The most recent sales folder to issue from this sponsor is an attractive leaflet on National Securities Income Series. As the name implies, the management aim is for a high return, which the folder estimates at approximately 6.8% of the current offering price.

* * *

Striking is the word for the latest industry study in the current Hugh W. Long & Co. series. "Electronics on the March!" is the title of the folder which gives a stimulating picture of the electrical equipment industry. Westinghouse Electric has contributed some dramatic photographs to the lay-out.

* * *

"Corporate Profits" and "Post-War Reconversion" are the subjects discussed in two recent issues of **Brevits.** The former is based on a new series of statistical studies by the U. S. Department of Commerce and shows that while 1942 corporate profits after taxes were slightly less than in 1929, a new peak in net corporate profits will likely be reached this year.

* * *

Hare's, Ltd. is out with a new folder on bank stocks showing that earnings are up sharply. Earning assets of leading New York City banks have increased from $13.2 billions on June 30, 1942 to $17.8 billions as of June 30, 1943.

INCORPORATED INVESTORS

Prospectus may be obtained from authorized dealers, or
The PARKER CORPORATION
ONE COURT ST., BOSTON

Railroad Equipment Shares
A Class of Group Securities, Inc.
Prospectus on Request
DISTRIBUTORS GROUP, INCORPORATED
63 WALL STREET—NEW YORK

Send for Prospectus
Republic Investors Fund, Inc.
Distributing Agent
W. R. BULL MANAGEMENT CO. Inc.
40 Exchange Place, New York

Dealers markets in
Interstate Aircraft & Engineering Corporation
COMMON STOCK
A Pre-War Engineering Organization—Now at War
Sole Capitalization 128,000 shares Common
Backlog $56,000,000
Dividends: $5 Stock 1943
Dealers memorandum available upon request

Stocks Bonds
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CHICAGO 4, ILLINOIS
Grains Commodities
Members Chicago Stock Exchange—Chicago Board of Trade
Telephone RANdolph 4068
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Interstate Aircraft And Engineering Corporation

One of the finest precision plants in the West . . . now on a war footing. . . . BUT A FLEXIBLE FOOTING . . . capable of quick change. This pre-war engineering organization is now geared to war . . . but its FLEXIBILITY . . . gives it a bright post-war outlook.

Starting as a precision plant, in war it turned to making all types of hydraulic actuating equipment—from the smallest valve, to the largest gear mechanisms—bomb shackles capable of handling up to the largest bombs—mechanical and hydraulic gun chargers—and a myriad of diversified precision items. Then, and only recently, the completed L4 Liason plane for the army—and now a new twin engine job, engineered in conjunction with the Navy from blue prints to prototype in less than nine months. This new plane appears destined to make aviation history and its details will shortly become public knowledge. To reach the production required a new Defense Plant Corporations in De Kalb has been outfitted and first step production should be reached in September. With Interstate's engineering staff numbering approximately 300, no task or problem is unnecessarily delayed and production is maintained 24 hours per day, 7 days a week.

CAPITALIZATION
June 30, 1943
No Bonds No Preferred
Only 128,000 shares $5 par value
Common Stock outstanding

CURRENT POSITION

Current Assets	$3,582,509
*Current Liabilities	1,808,150
Total Asset Value	4,012,726
Backlog of Orders	56,000,000

This company's fiscal year ends April 30: Year-end statement for this 12 month period to be released shortly. Indications unfold that the common per share earnings, after all charge-offs will be between $1.25 and $1.50 per share. However the earned surplus account was debited with the $5 per share stock dividend paid in March 1943 indicating that the unadjusted net must have been somewhat near this figure.

Dividends: 50c cash March 1942 —$5 stock March 1943.

Earnings for May and June are running at the annual rate of $3 to $4 per share and July will show an improvement over June. After September with the new De Kalb plant's earnings included the earnings, on the current computed basis, should show between $6 and $8 per share. These projected earnings are after taxes as established. Renegotiation does not appear as a problem because the bulk of the volume is on a cost-plus fixed-fee basis.

This company has excellent post-war prospects inasmuch as its entire plant in El Segundo is free of debt and is excellently equipped with modern precision tools and machines. The Wilshire and De Kalb plants are under Defense Plant Corporation contracts which entail no liability. Post-war planning is being ardently studied and the company has in various stages of development, a number of articles, any one of which can show an excellent return on the small stock capitalization of only 128,000 shares common stock.

*The company also has $1.865,543 in V-loans which can be construed to be a Current Liability.

Miles Burgess V.-P. Of Distributing Group

Distributors Group, Inc., 63 Wall Street, New York City, underwriter and national distributor of Group Securities, Inc., announced the appointment of Miles Burgess as Vice President.

Miles Burgess

A graduate magna cum laude of New York University's Department of Banking and Finance, Mr. Burgess was previously connected with Van Cleef, Jordan & Wood, where he was engaged in management of advisory accounts and other specialized work. Prior to his association with this firm he conducted his own business as a registered investment advisor, having severed an association of five years with Hugh W. Long & Co., Inc., to engage in his own practice. He came to Wall Street in 1933 and, before entering the investment company field in 1936, was engaged in investment work for the Manufacturers Trust Company.

Mr. Burgess has had wide experience in the financial field as a security analyst and investment advisor and as a writer on financial and economic subjects.

F. J. Weller In N. Y. C.

Francis J. Weller is engaging in a securities business from offices located at 70 East 45th Street, New York City.

INTERSTATE AIRCRAFT
Bought—Sold—Quoted
SCHERCK, RICHTER COMPANY
Landreth Building, St. Louis, Mo.
Bell System Teletype SL 456
Garfield 0225—L. D. 123

Should Italy Be Granted Neutrality?

Babson Says Mussolini Has Saved Us $15,000,000,000

In a special letter to his investment clients, Roger W. Babson says in part:

(1) "When Mussolini last visited Hitler he asked for military aid and permission to withdraw Italian troops from other countries. Hitler flatly refused Mussolini. * * * Mussolini was greatly upset by the Rome bombings and labor uprisings and especially by the refusal of the Vatican to protest such bombings. These events caused him to crack.

(2) "The King of Italy was asked by the Vatican and the conservative army and navy interests of Italy to appoint Badoglio. His first act will be to get Italian soldiers back into Italy and the German soldiers out of Italy. Then he will try to make an honorable trade with the United Nations. * * * Roosevelt and Churchill are now discussing whether 'unconditional surrender' applies only to a Fascist regime or to the nation at a whole.

(3) "Withdrawal of Italian troops from the Balkans should have a profound psychological effect on these satalites which should be a direct help to Russia. * * * Other countries will follow the lead of Italy. Russia will use this opportunity to push her gains. * * * Hitler will then realize that he will lose his Russian campaign. * * * Turkey is in a very strong position to help Russia and all the United Nations if she will join them.

(4) "The most serious problem facing Hitler is oil. He relies much upon the Roumanian oil fields. Much depends upon whether the United Nations get the airfields of northern Italy and the Italian ports and navy. If Italy would turn these over to us now she can enjoy an honorable peace. * * * The duration of the European conflict, therefore, largely depends upon what trade the United Nations can make with Italy.

(5) "China is not getting on well while Japan is digging in. The U. S.'s 'great victories' in the Pacific are largely in the newspaper headlines. Of course, we can make much faster gains against Japan later when we have the help of England (possibly aided by German planes and submarines), but Russia holds the trump hand in the Pacific. Russia can dictate the peace terms there. This means World War II will not be over until after the elections of 1944. Yet, the events of the past ten days have shortened the war by at least three months. * * * The collapse of Mussolini will save many American lives and probably $15,000,000,000.

(6) **"If we permit Italy to become neutral, how can we refuse the same privilege to France, Belgium, Holland, Denmark, Poland, Slovakia, Hungary and Yugoslavia? This would result in Germany being protected by a ring of neutral states. Is this what President Roosevelt had in mind when he talked about the war possibly not ending until 1949 which would be after the elections of 1948?"**

Treasury Makes Sav. Notes Easier To Cash

Secretary of the Treasury Morgenthau has announced that any owner of Treasury Savings Notes of Series C who desires to redeem such notes for cash prior to maturity will no longer be required to give 30 days' advance notice of his intention to redeem.

"Accordingly," it is announced, "any such notes may be redeemed for cash, at the option of the owner and with advance notice, during and after the sixth calendar month after the month of issue."

When these notes were orignally offered in September, 1942, for the accumulation of tax reserves or for the temporary or short-term investment of idle cash balances, they were designated "Treasury Notes of Tax Series C" but last June this was amended to "Treasury Savings Notes, Series C."

A circular regarding the latest Treasury announcement, addressed on July 28 by Allan Sproul, President of the Federal Reserve Bank of New York, to banking institutions and other concerns in the local Reserve District, from which we quote also says:

"At the time of the original offering of these notes in September, 1942, under the designation of 'Treasury Notes of Tax Series C,' the Secretary of the Treasury stated that:

" 'The new notes * * * are adaptable for dual purposes: (1) for the accumulation of tax reserves and (2) for the temporary or short-term investment of cash balances which are at present idle.'

"The elimination of the requirement of advance notice of intention to redeem increases the attractiveness of the notes as a temporary or short-term investment medium."

Argentina Takes Over U.S.-Owned Companies

The Argentine Government in a decree on July 27 assumed supervision of eight industrial establishments, including six American-owned plants engaged in the production of farm machinery, automobiles and tires. In Associated Press advices from Buenos Aires it was stated that the United States firms affected were Ford Motor Co., General Motors of Argentina, International Harvester Co. of Argentina, Goodyear Neumaticos Sociedad Anonima (Corp.), Firestone de la Argentina Sociedad Anonima and Michelin Sociedad Anonima Argentina de Neumaticos.

The British-owned Dunlop Pneumatic Tire Co. also came under the measure. The eighth company was not named, said the press advices from which we quote, which further stated:

"The decree said action was being taken to investigate charges that the firms violated commercial laws which fix maximum prices and require adequate stocks to be maintained.

"The Ministry of Agriculture in an announcement described the move as "interventorship"—a system under which government installs officials as supervisors of private business firms.

"The announcement said the books of all establishments would be examined carefully and that their inventories would be scrutinized.

" 'The measure extends to headquarters (in Buenos Aires) as well as to outlying branches throughout the country,' the ministry statement said, 'thus bringing about more equitable distribution of supplies available and rooting out speculation.'

"The automotive establishments listed had been operating under restrictions imposed by war.

"All maintain assembly plants—depending on parts from the United States—which normally turn out cars and farm machinery.

"The Ford plant had been closed while General Motors and International Harvester had been concentrating on repair jobs.

"The tire factories were working on a shrinking supply of raw rubber, most of which arrived here before the attack on Pearl Harbor and the Japanese drive into the South Pacific."

Gold Revaluation Upward Suggested As Post-War Move

Charles G. Johnson, State Treasurer of California, proposed on July 31 in a letter to President Roosevelt that the United States examine the possibility of meeting post-war financial problems by an upward revaluation of gold, in terms of the dollar.

It is inevitable, Mr. Johnson asserted in a treatise which he enclosed in his letter, that an after-the-war development will be the adoption "of a world-wide monetary system, based upon a universal standard of value."

In reporting this, Associated Press accounts from Sacramento, Calif., stated:

Gold, he declared, will undoubtedly be that standard since, "the world has learned from past experience that all other mediums have resulted in chaos."

"America has the largest investment in gold of any nation," he continued.

"After the war the power of this vast reserve will make America the only credit nation in the world. This influence should be sufficient authority for the designation of what should be the adopted standards for international trade credits and adjustments in foreign currencies."

Stating that this country, as after the First World War, again may find that debtor nations are unable to liquidate, Mr. Johnson declared "Certainly some solution will undoubtedly be found by fixing the price of gold at an amount which will enable gold producing nations to liquidate with their gold supplies."

America, he said, "will be in a position to supply the necessary gold for the adoption of the gold standard by all non-producing gold countries."

"Entirely for the purpose of illustration," Johnson suggested a dollar value of $120 a fine ounce, compared with the present price of $35.40. This, he said, would make the Government's metal reserve worth approximately $80,000,000,000.

"Likewise the gold of other nations would increase in purchase and liquidation power, enabling them to purchase materials for reconstruction of their devastated areas. Our national gold reserves could be employed in stabilizing international trade and currencies.

"As long as the price adopted was maintained by all nations, no one could experience any harm."

To Pay On Finnish 6s

The National City Bank of New York, as fiscal agent is notifying holders of Republic of Finland 22-year 6% external loan sinking fund gold bonds due Sept. 1, 1945, that $373,000 principal amount of the bonds have been drawn by lot for redemption on Sept. 1, 1943, for the sinking fund, at 100% plus accrued interest to the date of redemption. The notice states:

"The drawn bonds will be paid on the redemption date, out of sinking fund monies on hand or to be received, at the head office of the National City Bank of New York and subject to the granting of a license by the Treasury Department. Interest on the drawn bonds will cease to accrue from and after the redemption date.

"On July 26, 1943, the notice states, $463,000 principal amount of the bonds called for redemption previous to the present call, had not been presented for payment and interest thereon had ceased."

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Canadian Securities

By BRUCE WILLIAMS

While domestic security markets were having trouble with the good news from the Mediterranean war front, Canadian Government bonds sold at their 1943 peaks last week, closing at the top. The market in provincials continued firm and a further straw in the wind indicating the steady improvement in Canada's financial picture was the call of the entire issue of Canadian Pacific Railway Collateral Trust 4½s, due Sept. 1, 1946.

In the equities markets (which bore the brunt of liquidation here) there was evidence of nervousness but no general decline ensued. Some support undoubtedly was derived from the $4 boost in newsprint prices to become effective September 1.

This makes the second increase in the price of Canadian newsprint this year. In the first two months of 1943 the price was $55 per ton to the U. S. and $50 per to to countries whose exchange is at par with Canadian funds. The first mark-up came on March 1, raising the price to $59.40 and $54 respectively. The new advance brings the price to $63.80 for the U. S. and to $58 for countries with Canadian exchange parity.

Assuming the production rate for the second quarter is maintained, it is estimated that this latest price increase will net the Canadian newsprint industry an additional $3,000,000 in 1943. Next year, other things being equal, the new price structure should net the industry approximately $16,000,000 more than in 1942.

Securities of the newsprint companies have long been discounting this favorable development with the result that there was no general advance in such issues last week. However, in the face of the sharp decline in U. S. stocks, these issues held quite stable around their highs for the year.

* * *

Speaking out fearlessly is a fine tradition for any nation to uphold. "The Financial Post" of Canada has a reputation for exercising this privilege wisely not only in the field of finance but in the related field of statesmanship as well. We like particularly the following editorial which appeared in last week's issue of the "Financial Post."

"Let's Avoid This Trap"

"Just because Mussolini and his gang have been kicked out of power in Italy, this is no time for us to indulge our Anglo-Saxon weakness for sentimentality about the Italian people.

"For almost four years that country has been our enemy, just as ready to bring about the downfall of everything for which we stand, just as ready to kill our soldiers, sailors and airmen as the Nazis. And if the Italians have lacked the strength, skill and guts in so doing, this is no reason to regard them any more fondly than Hitler's Panzers.

"When Italy had weaker opponents, Ethiopia, inoffensive Albania, mortally wounded France, she was very adept at the slaughtering and looting.

"So let us not fall into a trap—a trap that may have been cleverly devised to spare Italy now and to pave the way for sparing Germany later on.

"Let us not be weakened in our resolve to make this victory a good one and one that will last. Let us not be bamboozled into taking the new Italian leaders to our bosom or letting them into our house as harmless and domesticated.

"Nothing would suit the Axis purpose better. Nothing would serve the Nazi cause so well. If we weaken on Italy, we will simply be showing the Nazi hoodlums a way to escape the awful retribution we have in store for them.

"It is we who are on trial; not Marshal Badoglio or the Little King."

Canadian Crops Continue Promising

The Bank of Montreal, in its July 29 crop report, states that crop conditions remain promising in Manitoba; in Saskatchewan and Alberta prospects are generally satisfactory but good rains would improve the outlook materially. The bank's report further says:

"Where moisture conditions are satisfactory, recent warm, dry weather has hastened crop development in the Prairie Provinces generally and most of the wheat has headed out. Oats and barley are making fair to good progress except in dry areas, where growth is stunted. Flax is flowering, but weeds and some rust are hindering development. Damage from hail and insects is small. Sugar beets are progressing favorably. In the Province of Quebec, crops are making satisfactory progress and average yields are in prospect in most districts. Haying operations are well under way and an excellent crop of good quality is being harvested. Pastures continue in very good condition. Root crops are making good progress with prospects of average yields, but canning crops are below average. Small fruits are promising. In Ontario, frequent rains during the past ten days have retarded harvesting operations somewhat but were beneficial to crops generally."

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The Securities Salesman's Corner

How One Salesman Makes His Customers His Best Prospects

In our opinion the method of securing customer cooperation and radiation that we outline this week will undoubtedly be more successful in a rural or semi-urban territory. The salesman who successfully uses it admits that he doesn't believe it would be nearly as effective in a large city. His territory takes in cities up to 30,000 population and covers a generally rural area.

The first thing he does is some careful prospecting. He confines his calls to people who are more interested in income than they are in speculation. Usually they are investors in the retired or semi-retired stage. In many cases they consist of women who live upon their income, owning their own home, and are concerned with conserving their principal rather than increasing it.

He next builds confidence. In some cases he has worked for well over a year on an account before the first sale was made. Many times he does unusual kindnesses and favors for these prospects. He cautions that this interest must be sincere in being helpful—otherwise the results will be unfavorable. People are quick to sense a superficial and selfish attitude that is only masked by outward indications of sincerity.

One example of his method is the case of an elderly woman who needed some treads for a crutch she was forced to use and couldn't procure in her locality. He bought a supply and sent them to her. Several times she afterward wrote to him to send out an additional supply. Finally, after a year and a half, she started doing business with him. The account has paid him over two thousand dollars in commissions during the past year—principally in indirect business that she has recommended to him.

Now here is how he secures radiation. In these smaller towns there are groups of people who know each other very well. They are interested in many subjects, among which, strange to say, IS HOW THEY CAN INVEST THEIR MONEY FOR INCOME. When he has made a new and satisfied customer, and only AFTER HE HAS SUCCESSFULLY DEMONSTRATED HIS INVESTMENT CAPACITY, this salesman suggests that the customer invite some friends and he will come around and make a little talk upon the subject of investment. He suggests that it will be strictly a general informative discussion, and of course, no attempt will be made to sell anyone anything. He has a carefully prepared talk he calls "The Filling Stations Of Investment". He outlines in simple, understandable language, how in the past it was only possible for people to go to the great banks and for the very wealthy to secure sound investments and advice. But now there are investment dealers (in most communities,) registered under state and federal laws, who have made a study of investment, and who spend eight to ten hours a day doing nothing else but looking after investments. Then he speaks about bonds, how values are uncovered, how they are watched and safeguarded after they have been purchased by the investor, and he gives specific examples of some of his own good work to prove the point.

The results of these small group meetings are absolutely amazing. Naturally, his client at whose home the affair is held is always on the job and cannot be restrained of doing a little bragging of their own about the way their own investment account has been handled. This clinches it.

Afterward it is a simple matter to make personal calls upon those people who were at the meeting. There may be some who might think this a ridiculous way of doing business. There is one thing we can vouch for—it works for this salesman. His income today is well into five figures and more of his time is devoted to analytical research than it is to selling.

It takes time and patience to build such a business, but if you can do it, we know of nothing in the securities selling field that can beat it.

P.S.—Several weeks ago a reader of this column wrote in from Chicago, Ill. and took exception to a statement we made, wherein we referred to the various commissioners of the SEC saying, "We've had ten years of Boy Scouts and that's about enough". He thinks we shouldn't slur the Boy Scouts by putting them in the same class with the SEC personnel. We'll take it all back and apologize to the Boy Scouts. . . . It's a fine movement, we were scouts once ourselves. If all of the SEC officials adhered to the same high code of "fair-play" and ethics taught by the Scouts the entire country would have little to criticize so far as this Bureau is concerned.

Banner Year Tempered By High Taxes Gave Lower Net Profits, According To Dry Goods Ass'n

While the year 1942 must go down in the annals of the department and specialty store trade as the best on record, peak gross profits were so reduced by all-time high taxes that the final net showing was less by approximately two-thirds, according to the 1942 Departmental Merchandising and Operating Results—an annual report compiled by the Controllers' Congress of the National Retail Dry Goods Association, and based on departmental data submitted by 277 department and apparel specialty stores. The announcement regarding the report was issued on July 23.

H. I. Kleinhaus, General Manager of the Congress, points out that "several new records were reached in 1942," including new high gross margin and operating profits, but he goes on to explain that "it is fair to estimate that with corporate normal taxes, and surtaxes being at the combined rate of 40% and excess profits at 90% on defined excess profits income—from 60 to 65% of retail operating profits were consumed by the tax bill." Reporting further, Mr. Kleinhaus states:

"Generally speaking, the volume and value of goods distributed through department and specialty stores depend to a very great degree on the trend of production and consumer income. So, as note is made of the rise of 13% in the value of sales of the typical department or specialty store which contributed data to the study, activities of all industry during this period should be examined.

"Income payments to individuals in 1942 touched a new high, the index reaching 172 for the year on the 1935-1939 base against 137 in 1941, and 123 in the 1929 peak year. Thus the rise in the value of retail sales is merely a reflection of the increased business tempo resulting from the war."

Security And Venture Are Complementary, Says First National Bank Of Boston

Urges Favorable Post-War Climate For Free Enterprise

Declaring that venture and security are not mutually antagonistic but are complementary, the First National Bank of Boston urges that there "should be created in the post-war period a favorable climate for free enterprise so that business can face the future with confidence and faith."

In its July 30th "New England Letter," the bank says post-war polices "should make for a dynamic economy," with incentives provided "to keep alive the pioneering spirit, to unleash the powerful creative energies of our people and thereby rediscover the touchstone of American progress." In order for the spirit of free enterprise and adventure to flourish after the war, the bank calls for an overhauling of the tax system, providing not only "for a cushion to absorb costly reconversion in some lines and possible losses from a temporary deflation, but also for expansion and new developments."

The bank warns that to destroy the incentive for profit making would drive out private business and make the Government "the chief reservoir of credit and capital, with all lines of activity regimented under its direction."

The full text of the bank's comment on "Venture and Security" is as follows:

"The quest for security is the fundamental urge of the times and is a universal ailment. Essentially it is an attempt to escape from reality. It finds reflection in the 'cradle to the grave' security plans, in deficit financing theories, the new debt philosophy, and in the vast array of Utopian schemes that are designed to provide shelter against the storms of life. This same craving found expression abroad in Fascism and Nazism. The Italians and Germans surrendered their freedom for an illusory security and military pageantry. But they were led into a war of aggression that threatened the very security of civilization. The downfall of Mussolini and the humiliation, defeat, and disaster that has befallen Italy should be warning of the fate of a people that surrender their individual freedom to autocratic power.

"With the crumbling of autocratic systems in Europe, it is timely to reexamine the fundamentals of the American system in which private initiative is the dominant force. Our private enterprise system is the survival of experiments in virtually all forms of endeavor, following thousands of years that mankind was struggling with nature to eke out a bare subsistence. It needs to be constantly corrected and modified as defects appear, but we should make corrections within its framework and not adopt policies that would undermine and eventually destroy it. Human nature being what it is, the prospect of individual reward, based upon contribution to society, is the mainspring of progress, and the release of individual energy under such a stimulus is the most creative force in the world.

"Modern progress is accounted for largely by a comparatively few men who were willing to risk their all on the prospect of rewards. We are told by Carl Snyder that nine-tenths of our wealth is the direct result of the machines, which in turn were the product of the brains and efforts of the inventors, enterprisers, and accumulators. These were the exceptionally gifted individuals who blazed new trails, built our industries, and developed our resources. That they incurred great risks is evidenced by the history of the automobile, railroads, electrical appliances, movies, radio, telephone, airplane, and the like. Many of the ventures failed, but that there was a great net gain to all is reflected in our unparalled economic progress as evidenced by the steady decline in the hours of work, the elimination by labor-saving devices of much back-breaking toil, the maintenance of a high level of employment, and the general increase in living standards over the years. The compensation for these services and risks is very modest, as is shown by the fact that the average net return on capital investment in United States corporations for the past twenty years has been at the annual rate of only about three per cent.

"Over the decades a favorable atmosphere prevailed for risk taking. Then came the global depression, an aftermath of the first World War. Under the distress and confusion of the times there developed the pessimistic philosophy that we had reached industrial maturity and could no longer advance under the direction of private initiative, and that the Government must henceforth be the guiding spirit in our economic progress. The large volume of idle capital was pointed to as evidence that business enterprise could not function under its own steam. But this was a false premise as it put the cart before the horse. Capital markets were largely stagnant because of the Governmental policies adopted, particularly near-confiscatory taxation, which served to shut off the flow of new capital, the constant supply of which is essential for the operation of our economic system. Without this supply of capital, business became stagnant and the United States, which had for decades led the world in economic progress, was among the most laggard in rising from the depression. In short, by penalizing risk taking, millions of persons were deprived of jobs.

"Our economic system is so intricate and so delicately adjusted that a thorough knowledge of its workings is essential to its effective operation. Subject only to reasonable regulation, its direction and control should continue in the experienced hands which have been responsible for our industrial greatness. It should not be unduly interfered with by Governmental agencies, for unwise decisions or the adoption of unsound policies are almost certain to do irreparable harm. As Winston Churchill has said: 'We must beware of trying to build a society in which nobody counts for anything except a politician or an official, a society where enterprise gains no reward, and thrift no privileges.'

"Destroy the incentive for profit making, and private business would be ruthlessly driven out while the Government would of necessity become the chief reservoir of credit and capital, with all lines of activity regimented under its direction. Under such a system, all income produced could not be distributed to the workers, as losses would have to be asbsorbed and reserves set aside for replacements and new equipment as well as for other contingencies. If this were done, there would be much less to go around than at present because of the inevitable inefficiency of bureaucratic management. If reserves were not set aside, then in the course of time the whole system would crumble, business would stagnate, living standards would be wretchedly reduced, and economic and personal freedom would be swept away.

"The war will leave us with a heritage of staggering debt, heavy taxes, and the stupendous task of providing jobs for those released from the military forces and the war plants. The problems of the postwar period will be a challenge to the best talent we can muster, and will call for the intelligent organizing and directing of our resources, manpower, capital, and all the facilities at our command. It is particularly important that private concerns should emerge from the war period strong, vigorous, and resourceful so that they can make a maximum contribution in the reconstruction period.

"For the spirit of enterprise and adventure to flourish after the war there must be an overhauling of our tax system. Not only should provision be made under the corporate tax structure for a cushion to absorb costly reconversion in some lines and possible losses from a temporary deflation, but also for expansion and new developments. Special tax consideration should be given to investment in new undertaking so that there may be opportunities for reward commensurate with the hazards involved. It should be obvious that no enterpriser would knowingly embark upon new ventures if he must absorb all the losses, while the Government through taxes would take practically all of the gains. Under such conditions the would-be venturer might be inclined to stay close to shore and invest his money in riskless securities. But such a policy would result in stagnation and be followed by the Government's embarking upon a huge spending program.

"In keeping with the tasks before us, our post-war policies should make for a dynamic economy. Incentives should be provided to keep alive the pioneering spirit, to unleash the powerful creative energies of our people and thereby rediscover the touchstone of American progress.

"Security and venture are not mutually antagonistic but are complementary. The one depends upon the other, for social and economic progress go hand in hand. We should create in the post-war period a favorable climate for free enterprise so that business can face the future with confidence and faith, and thus be impelled to make long-term commitments that would furnish jobs, the best form of security, and keep open the doors of opportunity for the youth of the land."

NYSE Listed Companies Urged To Note Earnings Subject To Renegotiation

Emil Schram, President of the New York Stock Exchange, suggested on July 28 in a letter to the presidents of corporations having securities listed upon the Exchange that in their interim earnings statements notice be given to stockholders where these earnings are subject to renegotiation. In his letter Mr. Schram said:

"The very cooperative response to my suggestion of May 5, 1943, that, upon completion of renegotiation proceedings which affect a previously published earnings statement, notice be given to stockholders as soon as the revised results have been determined, prompts me to make a further suggestion with regard to interim earnings statements.

"It is well understood, of course, that interim earnings statements, by their very nature, are at best an estimate, and I feel sure that you will agree that where these earnings are subject to the renegotiation provisions of the National Defense Appropriation Act, a qualification to this effect should be made for the benefit of security holders. If it is not expected that the results of renegotiation would have a material efect upon the earnings as reported after provision for all taxes and reserves, it would appear desirable to make a statement to this effect."

Slow Progress In Winning Int'l Agreements On Post-War Commercial Policy Foreseen

Slow progress in obtaining "significant agreement" among nations on post-war commercial policy is foreseen in a report by Professor Jacob Viner of the University of Chicago to the League of Nations Economic, Financial, and Transit Department on "Trade Relations Between Free-Market and Controlled Economies," issued by the International Documents Service of the Columbia University Press. The report states that "given assurance that the other measures necessary for the peaceful and prosperous post-war world will be taken, it is probable that some countries will be willing on their own initiative, or by bilateral or other forms of international agreement, to abolish outright most if not all of the measures of direct regulation of foreign trade which they adopted during the great depression or during the war period."

It is likewise stated in the report:

"Other countries, however, appear to be too strongly committed to direct regulation of foreign trade, either for its own sake or as a corollary of their practice of direct regulation of their economies as a whole, to justify any expectation that it will be possible to obtain anything like universal abandonment of direct foreign controls.

"There would be much more ground for optimism if there could be reasonable hope that the countries at all inclined toward the elimination or substantial reduction of direct controls of foreign trade could be persuaded to attempt to deal with the problem through a multilateral conference.

"It is conceivable that the sense of mutual advantage from adherence to the provisions of an international convention drawn up by the conference would suffice to secure the continuance of the agreement and conscientious execution of its terms. It would be a wise precaution, nevertheless, to provide that adherence to the convention should bring with it valuable privileges confined to the adhering countries, and that serious departure from its terms, if proclaimed by an international agency set up by the conference to be aggressive or otherwise objectionable in character, should bring costly penalties.

"The technical difficulties of framing and of administering a multilateral agreement of this kind would be comparatively moderate if wide acceptance could be obtained for definite and unqualified outlawry of the questionable practices, at least after a transition period had elapsed. If, however, as is likely, many countries will be willing to sign such an agreement only if made subject to important reservations and qualifications, very serious difficulties will result.

"In the light of past experience, the greatest danger will be that an agreement will be reached with general provisions admirable in form and substance but almost totally deprived of meeting or of enforceability by the detailed reservations and qualifications incorporated in the agreement.

"Progress in obtaining significant agreement in the field of commercial policy will certainly be difficult and will probably be impossible to achieve except in connection with the reaching of international agreement in other fields of economic relations, such as limitation of heights of tariffs, the establishment of international credit facilities, and international collaboration on the problem of the business cycle and mass-unemployment.

"Slow progress will not necessarily be fatal, provided there is early agreement on the direction in which movement shall take place and on procedures of negotiation which will assure that the achievement of one stage of reform will lead promptly to endeavors to accomplish the next stage."

Trade Association Unit In Commerce Bureau

The U. S. Department of Commerce announced on July 24 the creation of a trade association unit in its Bureau of Foreign and Domestic Commerce.

It was explained that this action consolidates existing functions, giving broader scope and simple administration, but will not require additional expenditures or personnel. Advices from Washington to the New York "Herald Tribune" added:

"Approximately 2,000 trade associations of national or regional scope are active in domestic and foreign trade of the United States and 7,000 State and local associations, a large number of which are in regular contact with the Commerce Department.

"C. J. Judkins, in immediate charge of trade-association work for the Department for ten years, has been named chief of the unit."

Warns Against Heavier Tax On Little Man

A warning that further drastic increases of individual income taxes may destroy the nation's little man was issued on Aug. 1 by Senator George (Dem., Ga.), Chairman of the Senate Finance Committee.

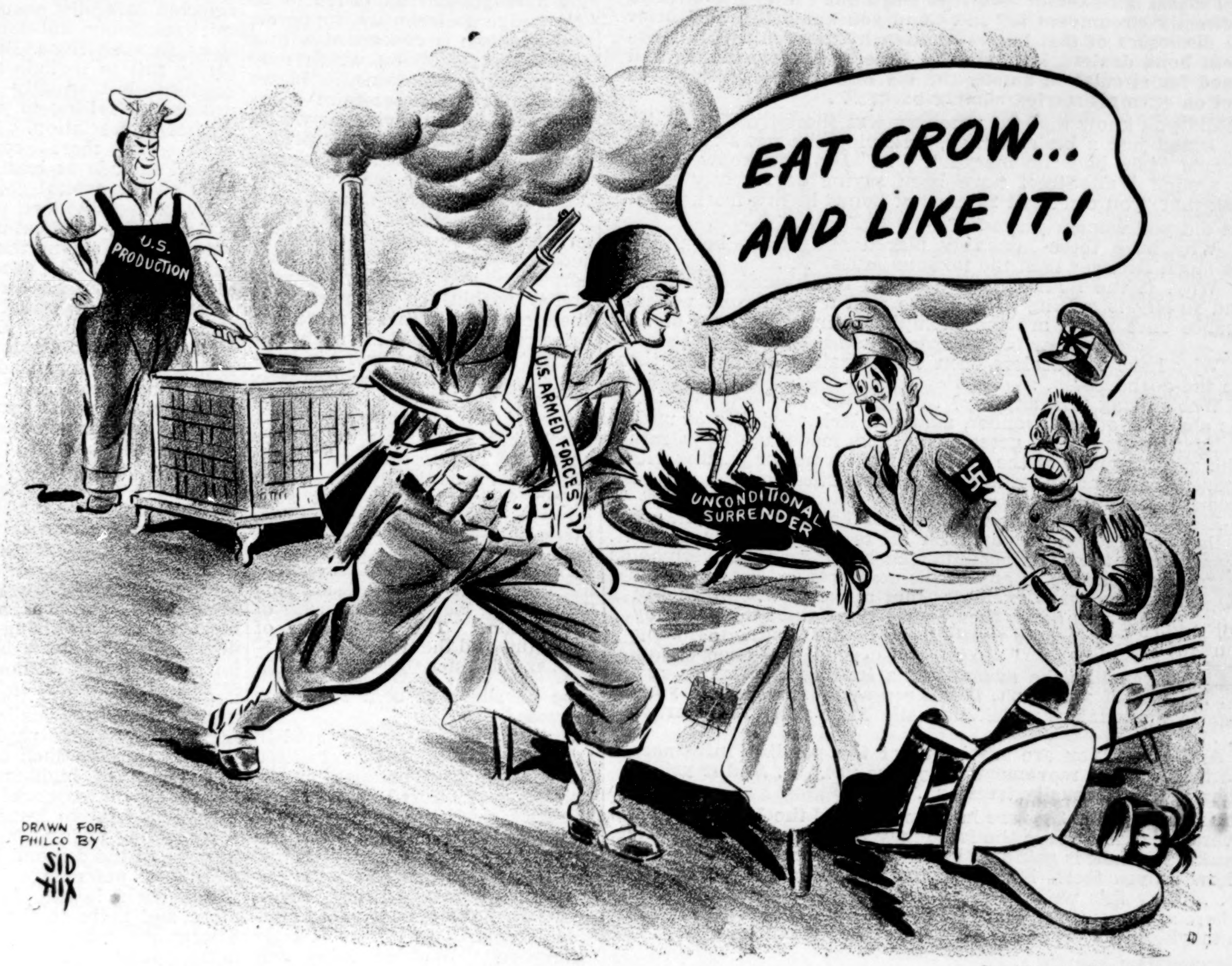
In an interview at his home in Vienna, Ga., the Associated Press quoted Senator George as asserting that "the virility and strength of any civilization depends upon the middle classes. There is no other way to pull together the very poor and the very rich. The middle class is the liaison."

The Associated Press account further said:

Observing that revenue of the Federal Government has increased tenfold in the last decade, Senator George said that new taxes to be enacted at the forthcoming session of Congress may be expected to yield not more than five or six billions of dollars, or scarcely one-half the Administration's estimate of need.

"One of the strong reasons why I believe we cannot greatly increase individual rates in 1943," he explained, "is that under law, income tax rates must be uniform. Since we have this principle, any drastic increase would be overwhelming for those taxpayers with low or moderate fixed incomes, such as wages, salaries, self-owned business, annuities and the like.

"I would be greatly surprised if the Ways and Means Committee of the House undertook to raise any specific sum of additional revenue, and I would be still more surprised if, at the end of the work of the two committees (House and Senate), we succeed in raising more than five or six billions in new revenue."



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"Our Reporter On Governments"

By S. F. PORTER

And now this observer asks once again and in the utmost seriousness. . . . "What do you think is going to happen to billions of tax-exempt Governments still outstanding?" . . . "What do you, the buyer of tax exempts, the holder of these obligations and the person most vitally interested, think the United States Treasury is going to do at this time to disturb the status of the exemption clause?" . . . Honestly. . . . Seriously. . . . And in complete understanding that you're making up your mind now about a most significant question. . . . You simply must do so. . . . Or you too are going to be caught in the whip-saw markets, in the utterly un-understandable fluctuations that have been occurring and that may again occur in this most sensitive of all markets. . . .

You've been watching the quotas. . . . You know that after the 2¾s of 1965-60—the keynote of the long-term tax-exempt list—hit 112.30, they were badgered by an unconfirmed rumor to the effect that the Treasury was going to disturb the contract between holders of exempts and the Treasury. . . . You know that Secretary Morgenthau thought enough about the rumor's effect to come out with an unsolicited (at least publicly) statement containing these words "I feel that there is a contract which stands between the Federal Government and the holders of these Federal tax-exempt securities and I don't intend to directly or indirectly circumvent it." . . . And you know that just prior to the disclosure of that letter—written by Morgenthau to Government bond dealers, sent via the Federal Reserve Banks and designed for circulation among the big holders of exempts—the market on exempts started coming back. . . .

But did you know that the recovery was short-lived? . . . That the rise lasted just a bit and then, following the news from Italy, the exempts again had "no market"? . . . Did you know that the experts around Wall Street have been saying as recently as late last week that "you can't sell 25 exempt bonds in this market"? . . .

And did you wonder just why?

(1) Why have these favorably placed obligations been under pressure much stronger than the taxable issues? . . .

(2) Why, if the market is getting its much-needed breathing spell and finally is getting a chance to find a level from which it can advance once more, are the exempts getting the brunt of selling? . . .

(3) Why have the dealers been concentrating on putting these issues in the doghouse? . . .

(4) Who's doing this, anyway? . . .

This observer admits wonder, admits a lack of ability to understand why investors who presumably had made up their minds about the attractiveness of the exempts from a tax or trading viewpoint suddenly are unable to take a stand and stick to it. . . .

It comes down to this:

(1) Either you're going to take Morgenthau's word for it, when he puts that word down on paper for all to see, or you're not. . . . And if you're not, then you shouldn't be holding any Governments because you don't believe in any of his contracts. . . .

(2) Either you want exempts from a tax viewpoint or you don't. . . . And if you don't, then forget them and look for your trading profits and income possibilities in the taxables as they come out. . . .

(3) Either you like the exempts as a trading medium or you don't. . . . And if you don't, then keep away and confine your dealings to the taxables which naturally have a broader market now. . . .

(4) And either you are suspicious of the possible influences behind these erratic movements or you're not. . . . And if you're not, then you're unusually trusting. . . .

At this writing, the 2¾s are hovering around the 112 level again. . . . Several dealers believe the issue may break through that price. . . . That kind of talk is going around—which gives you an idea. . . .

So how do you feel? Make up your mind and then act accordingly. . . . How this writer feels about the exempts has been expressed here so many times that repetition seems unnecessary. . . . In addition to which, the very tenor of this report tells the story. . . .

THE SEPTEMBER DRIVE

And another thing. . . . There's talk also about the possibility that the September drive may not go so well. . . . Reasons given are these:

(1) The goal mentioned is too high for individuals and non-bank buyers to meet. . . . $15,000,000,000 would be small for all buyers—commercial banks included—but with these major subscribers outside, chances are the Treasury will have a tough job meeting the objective. . . .

(2) The fall of Mussolini and the sensational developments in Italy may give too many people the idea that the war in Europe is going to end soon. . . . With the result that the general public won't have the inspiration to go in and buy war bonds on a terrific scale in September. . . . The psychology will be "why go in and load up when the war is going to end and the Treasury is not going to need the cash?" . . .

And there are other little reasons, but these plus the unsatisfactory action (this observer would rather call the decline "satisfactory" were it not for the exceptional pressure on the exempts) of the market are the factors mentioned most frequently. . . .

Well, let's see. . . .

THE FIRST ONE—SIZE

The only way you can go about finding out the validity of these comments is to look at the record. . . . Then compare the record with the present and the chances for the future and you've a basis for conversation. . . .

So let's go back to the April war loan drive, which was managed under the auspices of the Victory Fund Committees and the War Savings Staff. . . . Now reorganized into the State War Finance Committees. . . .

In April, the Treasury obtained $12,550,000,000 from what is generally termed non-banking sources. . . . Here's how:

$3,290,000,000	from individuals, partnerships and personal trusts. . . .
2,408,000,000	from insurance companies. . . .
1,195,000,000	from mutual savings banks. . . .
117,000,000	from elemosynary institutions. . . .
503,000,000	from State and local governments. . . .
5,038,000,000	from other corporations and associations. . . .

As for the types of securities bought, $6,018,000,000 represented sales of 2½s and 2s, the longer-term securities and the ones that might be characterized as permanent investments. . . . The war bonds, of course, are demand obligations and therefore, aren't in the same category. . . .

Now look at that. . . . With the September goal set at $15,000,000,000, the April record indicates that only $2,450,000,000 more bonds must be sold to give the Treasury the amount it's asking for. . . .

And since insurance companies and savings banks are in this classification, we know we may depend on them for more subscriptions, if necessary. . . .

And since the war finance committees admit they haven't touched the farmers and many prosperous retail and professional sources, surely we may expect another billion or so from these buyers. . . . And if not, well, the lack will be made up. . . . You can be sure of that. . . .

Which brings up the second point. . . .

LACK OF INSPIRATION?

It seems incredible that financiers should be worrying now about buyers refusing to buy bonds in September because they think the war financing need is less, but apparently they are. . . . And apparently, they think there's a real chance that the goal will not be reached. . . .

Well to answer abruptly: first, we think the goal will be reached. . . .

And second, if it's not, then you can be sure—and you really can—that the Government will do something to make sure the issue is subscribed. . . . Even if that necessitates opening the books to banks. . . .

That might be a nasty thing to take at first, but market memories are short. . . .

War, Inflation And The Stock Market

(Continued from page 498)

the dominating influence behind the increase in stock values. "Inflation" is a loose term that keeps many investors from taking profits and causes many others to make purchases they may later regret. It seems that whenever it is impossible reasonably to justify the price of any given share, "inflation" is used as an excuse.

It is important to distinguish between a rise in the cost of living and a complete loss in the value of money. The latter is what happened in Germany, a defeated nation, but which is under no conceivable circumstances going to happen here. Even in Germany where it did happen stocks on the average did not prove to be the hedge fallaciously supposed. Our problem is concerned with a rising cost of living which may be partially maintained. If we lived under a laissez-faire economy, profits and dividends would go up and so would stock prices. But we live in a world of excess profits taxes, price controls, labor and wage regulation, and even production allotment. Under these circumstances stocks must be judged purely on their future earnings and dividend-paying ability within the framework of these controls. What is more, the price currently paid is vitally important. There is no profit in buying a stock where one correctly foresees an increase in earning power if it is already selling at a level that takes this fully into account. The possession of large physical assets is by no means prima facie evidence that such a company will earn more money in the future. Governments dictate the prices at which natural resources, such as oil under the ground, can be exchanged for currency. The stock which promises to go up most in the market is the best hedge against "inflation" just as it is usually the best type of share to own for other purposes.

Stocks which have appeared in our lists have all been submitted for consideration because, in our opinion, they offered the best possibilities available at any given stage of the market balanced against the risks. The "inflation" factor has been weighed to the extent we felt was justified. However, we have also tried to consider the possible effects of later "deflation". We see today war contracts cancelled because of over-production. After the war, once our shortages are made up, we cannot avoid over-production of peacetime products and when the sales manager once more becomes the dominant industrial exexecutive price cutting will again be his most effective weapon.

Portfolio Planning

What is the proper distribution for an investment fund of $25,000 under today's conditions? The first consideration is the level of common stock prices, and our best judgment leans towards a position 50% in equities and 50% in defensive situations. These latter should consist of United States War Bonds, highest grade industrials such as American Tobacco 3s, 1962 or the best grade preferred such as du Pont $4.50 and, of course, cash. As market opportunities develop, additional common stocks can be bought.

Most investors make the mistake of over-diversifying. A properly balanced list should be selected carefully enough to permit relatively substantial positions in each issue. Buyers very rarely fail to include high grade equities, but usually make the mistake of failing to provide for capital appreciation. Every list, even the most conservative, should include at least one issue selected for capital gain and usually, a non-dividend payer. This is a necessity to offset unexpected deterioration among the better securities held. A good current combination might consist of 25 shares Johns-Manville, 25 Union Carbide, 50 General Electric, 50 U. S. Rubber, 75 Continental Can and 100 American Radiator. At prevailing quotations this portfolio would require roughly $12,500 and produce a yield from dividends of about 3.1%. Under existing conditions it appears desirable to accept some sacrifice in current return for the sake of holding stocks in a favored position from the longer term standpoint.

Dividend Stocks

There is a very large portion of the investing public who believe in keeping all their funds constantly employed. They make new investments as their savings permit or as previous investments mature. Dividend-paying ability is paramount in such cases. With the prices of high-grade bonds completely unreasonable and with many speculative issues temporarily selling at investment levels, because of the demand for a small additional percentage increase in annual yield, investors are turning more and more to the stock list. There are many who also see better protection against changing times in good equities than in fixed interest obligations. We believe in owning U. S. War Bonds and we believe in owning industrial bonds yielding approximately 3% or less, but, otherwise, we would employ pure investment funds in equities. — From E. F. Hutton & Co.'s Fortnightly Market and Business Survey.

NYSE Common Stock Dividends Up Slightly In First Half Of 1943

Total dividend payments of common stocks listed on the New York Stock Exchange for the first six months of 1943 were only 0.3 of 1% larger than in the same period of 1942, according to a tabulation contained in the July issue of "The Exchange", monthly publication of the Stock Exchange. It was pointed out that higher taxes than the year before, enlarged costs, and, in many corporate cases, renegotiation of contracts, restricted returns to stockholders.

The publication further explained:

"Of the 27 groups noted in the table, slightly less than half paid out more than in the same period of 1942. Of the 596 listed companies*** dividend distributions were increased by 111, they were reduced by 141 (of which 17 eliminated or deferred payments), while 361 disbursed the same amounts as in the first half of 1942.

"Groups whose earning power was sharply affected by war orders and war conditions marched ahead of last year in an impressive fashion. There were, however, some notable exceptions. The steel and iron group, for example, paid out less in dividends by 5.9%, and public utility company payments receded 4.5%. In contrast, aviation moved to the head of the class in point of disbursements, with an increase of 98.5%, and the rubber department paid out 70% more than the year before.

"The railroads increased their stride. It will be recalled that enlarged rail earnings began to make themselves felt in the shape of dividend checks in the second half of 1942. For all of that year, nevertheless, the increase over 1941 was no more than 10.2%. This year, considering the six months ended June 30, the rise was 31.2% over the corresponding stretch of 1942.

"The gain scored by the amusement group, centering in moving picture companies, was consistent with the record of earlier periods since the United States entered the war and public earnings began to grow. Heavy 'movie' attendance was reflected by an enlargement of 27.6% in dividend payments. A stronger tempo was disclosed in the figures than the story of all of 1942 told; for that entire year, this group showed an increase of 19.4% over 1941."

To Cut War Bond Size

Secretary of the Treasury Morgenthau announced on July 27 that in an effort to conserve labor, paper and other materials, conclusion had been reached to reduce the size of the United States War Savings Bonds — Series E, without change in the terms of the bonds, or their designation. The Treasury announcement said:

"The new size will be approximately 7¾ by 4¼ inches, or about that of the present bond folded once from top to bottom.

"Work will proceed immediately, and it is confidently believed the new bonds will be available in about two months, after which they will be issued in regular course as stocks of the present bonds become exhausted.

"A saving of about $1,750,000 a year in paper and production costs alone will be realized on the basis of last year's sales of these bonds."

The Never Ending Tariff Controversy

(Continued from page 498)

Mr. W. A. Manford states another slant by an economist upon this problem, in a recent letter, as follows:

"There is no need for any nation, with an intelligent economic system, to export more than enough to pay for its needed imports. Whenever goods are produced, the total costs of producing them, including interest and profits, reaches someone's hands as purchasing power and thus automatically enables the nation to purchase its total product. The market for all goods, other than those we must export to pay for our needed imports, is right in our own country, raising the standard of living of our own people."

In our opinion, no one can successfully refute Mr. Manford's conclusion. In fact, no one so far as we know, has tried although it has been printed frequently. At least not when applied to a nation like ours that can and generally does produce over 95% of its requirements. His conclusion may not apply to very small and trader nations, but there is nothing to prevent such from combining with neighbor nations into economic units sufficiently large to function as effectively as a large unit does.

Note this from the above quotation: "All of this will make for lower prices and a more abundant supply of goods in the United States, and the whole world for that matter."

Mr. Wright might well have explained just how importing what could perhaps with even greater efficiency be made at home, adds to the supply of the world's goods. Is it not rather evident that such importation must curtail the world's supply at least to the extent of the additional labor required to import from points more remote than the home supply? As we see it, all of this should inspire us to say to the nations of the world, as President Coolidge did to Canada — "Make your tariffs to develop your own aptitudes and resources to the largest extent practical. Promote your own welfare and we will take our chances on being able to profit through your success."

If it is the purpose of the American people to do the best possible for humanity, and I am sure that is the dominant motive, we are satisfied that much can be accomplished by adopting "an intelligent economic system," as Mr. Manford says, that will provide a home market sufficient to absorb all of what we produce; thereby enabling us to rely upon secondary markets only to the extent necessary to secure the funds required to pay for the 2% to 5% of goods that we must import on account of not being available in the home market.

The alternative to a plan for developing home resources as far as practical is likely to condemn the world to a practice of transporting much of its product long distances with labor and facilities that were far better employed in adding to the world's supply and in distributing it to domestic consumers.

E. S. PILLSBURY,
Century Electric Co.
St. Louis, Mo., July 27, 1943

Situations Attractive

A timely study of Haskelite Corporation has been prepared by Ward & Co., 120 Broadway, New York City. Copies of this study and an interesting circular discussing the post-war prospects of Northeast Airlines, Inc., may be had from Ward & Co. upon request.

Portland Electric Power
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Nervous Days For The Market

Mussolini has disappeared from the scene, there is a possibility that the Italian Nation may soon cry "quits", and many optimistic individuals are now measuring Nazi resistance in terms of months rather than years. The Italian chapter, together with the news from the Eastern Front, certainly makes the war outlook extremely bright. But with an obviously improved war outlcok, there has come into the equity market uncertainty and nervousness.

What is the significance of the market's weakness? In our opinion it is a perfectly natural development. Investors have been ready and willing to buy and hold common stocks through a war period, knowing that corporate activity would be at high levels and profits satisfactory despite high and unprecedented tax rates. But very obviously that same general confidence does not exist for post-war days and there is nothing to be gained by blinking the fact.

(The "United States News" in its current issue, for example, wonders if enough planning has been done to avoid a debacle "when it somes time to cut war spending by 80 billion dollars a year, to demobilize 8 million soldiers and 15 million war workers.")

For when both of the wars that we are currently fighting are over and won, we will be facing, in the opinion of many skeptics, a serious economic chapter. Now this is not to say that we will not successfully surmount any economic unsettlement or industrial letdown; or that a genuine business boom may not conceivably follow World War II just as, starting in 1923, a boom followed World War I. But it is the uncertainty that leads investors to the conclusion that this may be a good time to lighten equity holdings or to buy only at substantial price concessions.

On the whole we cannot see that in all candor one can be dogmatic these days in attempting to give prudent investment advice. For in the first place estimates of the wars' duration are of course but thin guess-work. And in the second place, who is so bold in this unpredictable era through which the world is passing as to attempt to chart out the post-war economic pattern? (How long retooling will take, how long before the pent-up demand for consumer goods can be satisfied, the future of foreign trade, and the relationship between industry and labor, are but a few of the many factors that in the altogether will make up the shape of things to come.)

And since there is such a large measure of uncertainty ahead, it seems to us most natural that many investors are deciding that it may be wise to "trim ship" a bit and prepare for a future period, the outlines of which are anything but clear and vivid.

We think this is prudent investment procedure and to those who have concluded that the war in Europe may be over next year or even sooner, we would suggest that contemplated equity selling be done earlier rather than later. For one cannot be nimble during weak and nervous markets.

We anticipate that market swings during future months will be sharp and sudden and substantial: this may not be a period for the faint-hearted. And as between daring moves for profit and cautious moves for conservation we prefer the latter at this time.
—*Ralph E. Samuel & Co.*

Our Reporter's Report

(Continued from page 499)

ury, or proceeds to retire portions of its own indebtedness, thus placing itself in a position to borrow anew when the occasion arises with the return of peace.

Port of New York Authority

The only new issue of any size to come into sight in the past week is that projected by the Port of New York Authority, which has called for bids for a refunding loan, to be opened next Tuesday.

The Authority has sent out requests for bids on $14,281,000 of general and refunding bonds, seventh series, to carry a 2¾% coupon and mature in 1973.

Proceeds will be applied to redemption of $13,865,000 of its general and refunding bonds, third series, carrying a 3½% coupon and maturing in 1976, but subject to call next November 1.

To Settle Question

The persistence of midwestern banking interests in their quest to force competitive bidding in the field of railroad bond financing is destined to bring a definite ruling on the part of the Interstate Commerce Commission.

This became certain over the week-end when the Commission refused to order a rehearing on the sale of $28,434,000 bonds of the Pennsylvania, Ohio & Detroit Railroad, subsidiary of the Pennsylvania Railroad, which were sold through private negotiation direct to bankers.

The Commission, however, has ordered an investigation which will determine whether or not, in the future, it should require that railroads seeking to finance through the issuance of new bonds, must call for competitive bids, as now required for utilities under the Holding Company Act.

Mfrs. Trust Interesting

The current situation in Manufacturers Trust Co. offers attractive possibilities according to a bulletin just issued by Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange. Copies of this interesting bulletin may be had upon request from Laird, Bissell & Meeds.

Purolator Products Situation of Interest

Purolator Products, Inc., offers attractive possibilities, according to Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange. An interesting basic report upon the company may be had from Reynolds & Co. upon request.

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Public Utility Securities

Newcomers In The Utility List

The gradual breaking up of certain holding company systems has released common stocks of operating subsidiaries into the hands of the public in recent years. Among these issues were Connecticut Light & Power, San Diego Gas & Electric, Newport Electric, Indianapolis Power & Light, Public Service of Indiana and Black Hills Power & Light. In the case of Connecticut Light & Power, some minority stock had previously been outstanding, but United Gas Improvement sold out its majority interest in 1941. San Diego was formerly owned by Standard Gas & Electric which exchanged part of the stock for its own bonds and sold the rest to the public. Newport was sold by Utilities Power & Light (now Ogden) in 1939. Indianapolis P. & L. came from the same source, and is the only one of the issues mentioned to obtain listing on the Stock Exchange. Public Service of Indiana was distributed to old security holders in reorganization, Midland United (one of the old Insull holding companies) losing its majority control thereby. Black Hills, a small company, was formed to take over some Dakota properties from General Public Utilities and Dakota Power Company.

This year there have been several further additions to the list. **Philadelphia Electric** common had previously had only a small over-counter market (United Gas Improvement owned 97.28%). In connection with the partial dissolution of UGI, Philadelphia Electric was recapitalized and the new common stock is now traded "when delivered" on the New York Stock Exchange, selling around 19½. UGI also handed out a large proportion of its holdings of Public Service of New Jersey, hence the latter stock is traded two ways, regular and "wd"—the latter indicating the additional shares distributed to UGI holders. UGI itself is traded two ways—regular stock at 9⅞, and "x dist." at 2¼. The "x" stock does not retain very substantial earnings and equities in proportion to the huge number of shares, though it may have modest possibilities for appreciation.

Philadelphia Electric converted its 10,529,230 shares of common into 9/40ths of a share of new $1 dividend preference common and 31/40ths of a share of new common. The preference stock is convertible into one share of new common for three years and at lower rates thereafter. The new preference stock is currently traded over-the-counter around 26—less than a 4% basis—which is doing pretty well for a second preferred stock. For the 12 months ended March 31 a balance of $14,695,848 was reported after preferred dividends and after allowing for the new preference $1 dividend; this was equivalent to about $1.55 on the new common. Hence the new common is selling at between 12 and 13 times earnings, which compares with an average of about 14-15 times earnings for other listed utility stocks. Obviously the new issue is well regarded in investment circles although a slightly unfavorable factor is the low depreciation charge—only about 9% of gross revenues.

New issues which have attracted over-counter "when issued" trading interest are **United Light & Railways** and **Puget Sound Power & Light.** There is considerable amount of "arbitraging" between these new common stocks and the old preferred stocks for which they are being offered in exchange—United Light & Power preferred, which receives 5 shares of the sub-holding company's common stock (on a recapitalized basis) and holders of the old A and B common obtained fractional shares. Puget Sound Power & Light $6 preferred (the second preferred) will receive 88 shares of new common under the plan. Both plans have been approved by the SEC. and the courts. The Puget Sound plan becomes effective September 13th unless there is an appeal. There is no present indication that any appeal will be taken.

United Light & Railways is currently selling "when issued" around 11¼. A recent earnings statement is not available, but share earnings for 1942 on the new basis have been estimated at $2.29, so that the stock is selling at about 5 times earnings, which seems about in line with similar holding company issues. However, the old preferred (to be exchanged for five common) has advanced from last year's Curb low of 10½ to the current price around 54, most of the advance occurring this year.

Puget Sound is selling "when issued" at around 9½ and is earning an estimated $2, which also makes its price earnings ratio around 5. However, it is an operating company and as such should theoretically be entitled to a much

(Continued on page 510)

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Real Estate Securities

The Coming Boom Should Be In Real Estate Bonds!

It is a well known fact that it is becoming more and more difficult for dealers to locate reasonably priced industrial bonds to retail.

It is also evident that many dealers are becoming reluctant to distribute any more rail bonds.

The natural solution to the dealers' problem for merchandise is **real estate bonds.**

This type of security can be purchased in a wide range of price and for extraordinary yield. Some issues enjoy an active market, while others of course are slow. The latter issues are usually very desirable and are worth while waiting for.

In many cases we found that real estate bonds compare most favorably with industrial bonds, yet the prices of real estate bonds are far below comparable other bonds.

We believe that the absence of a general dealer interest in real estate securities has been due to a large extent to a lack of dissemination of information concerning their real values and attractive yield.

As an example, let us briefly look into bonds of the Hotel St. George. This is the largest hotel in Eastern America and has an outstanding bond issue of $8,376,307. Because of the size of the issue the bonds enjoy an active market.

Since reorganization in 1935, these bonds have paid their fixed interest requirements of 4% promptly when due. Last year, through operation of a sinking fund, $371,000 bonds were retired and we understand that the Trustee will have approximately $175,000 with which to purchase bonds for sinking fund the latter part of October of this year. We are told that the property is currently earning its interest almost four times, yet bonds are presently selling to yield over 7½%.

An example of an inactive issue is the Tyler Building. First mortgage bonds outstanding amount to only $436,500. Compared with $1,400,000 originally issued and the bonds carry stock with them representing an equal share in 100% of the ownership of the property. These bonds have been paying 6% interest and the bid is only 85. An industrial bond with such a large debt retirement and large interest rate would surely sell well over par.

Some real estate securities even have a tax exempt feature; for instance, certain New York Title mortgage participations have a partial or complete exemption from current tax of so-called income distributions.

Usually whenever a mortgage against which these participations have been issued has been foreclosed, the Trustee has taken possession of the property, assets to be liquidated without time limit for the benefit of the certificate holders. Because of this fact, these certificates holders are entitled to deduct from the amount of their "income" distributions their proportionate share of depreciation of the property.

Since building valuations on which depreciation is computed are generally very high, the result is that a substantial part, or occasionally all, of the distribution to certificate holders is tax free. Of course, when the certificate is sold, the total of the tax free distributions must be deducted from the cost of the certificate in determining the amount of gain or loss from the sale. However, if the certificate is held more than six months, gain is recognized only in the amount of 50% and the tax rate is limited to 25%. Thus, if the certificate is held for more than six months, there will generally be a tax benefit even if it is sold in a year in which the taxpayer has no offsetting losses.

So if you are looking for new merchandise to retail, we would sugest that you contact a reputable firm specializing in real estate securities and you may be agreeably surprised at the advantageous securities available.

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To the Holders of the 5% Income Bonds Due October 1, 1943:

The Company sponsored plan for the reduction and extension of your bonds is inequitable, in our opinion. This Committee has been formed to protect the interests of bondholders and to recommend action with respect to the Company's proposal. None of the members of the Committee has had any connection with the Company or its management. The Committee suggests that bondholders send to the Secretary, at the address below, their names and addresses, and the principal amount and number of their bonds, so that the Committee may communicate with them by mail and furnish our form of authorization or proxy. ***The Committee advises bondholders not to sign the form of acceptance distributed by the Company pending investigation and report by the Committee.***

Edwin B. Meredith, *Chairman*
Jacob R. Schiff
Milton C. Zaidenberg

JULIUS SILVER, *Counsel.*

THEODORE WECHSLER, *Secretary.*
71 Broadway, Room 1010 (Tel. BOwling Green 9-7027)

Reopening Of Trade Channels Necessary

(Continued from first page)

but surely more materiel will be available for the needs of our Allies. So the foreign procurement problems, with the easing of shipping, become less difficult. And so will the problems of exports. In other words—importation and exportation problems are rapidly going to be solved in the best way possible—by the reopening of normal trade channels. And that's good news.

"But you still better know your who's who in Washington. I know that there is a group of economic planners under every bush. I know that everybody is studying plans for a new promised land. The time is right. It is well that we do not think and plan. One of the best formulas I know is for every individual, every manufacturer, processor and distributor to know just where he will belong in the picture and what he is going to do about it.

"And when you focus your attention on our neighbors in the Americas, brought closer to us than ever before, please remember that the Inter-American Development Commission in Washington, of which Nelson Rockefeller is Chairman, is your vehicle to obtaining the information that you may require regarding business opportunities which will be opened with the coming of peace.

'We have been rather slow in recognizing necessity for research in our foreign trade; census bureau was started in 1790; bureau of foreign and domestic commerce in 1912. In 12 years we started counting noses but it took 122 years more before we were interested in finding out how we get our groceries.

"The problems—the opportunities which lie ahead are stupendous. When you daydream—of the re-establishment of Europe, the making of a new Far East, the progress which is bound to come in the Americas—you will start lying awake at nights."

Mihic With Frank Kiernan

Hubert L. Mihic, formerly with the Long Island Daily Press, has become associated with Frank Kiernan & Company, 41 Maiden Lane, New York advertising agency, as account executive.

Ford Says More Industry Is Needed To Build Basis Of Good Society

(Continued from first page)

est with our $5-a-day minimum. No finance-controlled business would have been allowed to do that. When the depression came and wages were being reduced, we raised the minimum to $7 a day. Do you think that a business controlled by stockholders ever could have done that? We did it because we were free and because we thought it was right. If more employers had thought the same way the story of the last few years in this country might have been different.

"Take our schools. We're deeply interested in them. It may seem strange for industry to go into education, but it was one of the things that came into our hands to do, and we did it. We have about 30 different schools in operation and are opening a new one. Those schools have nearly 18,000 students. They teach everything from kindergarten to science. In the schools operated by the Ford Motor Company—the Trade Schools, Apprentice School, Mechanical Training School for High School graduates, the Aircraft School—we teach the trades and all that pertains to industrial Science. In connection with these we also have the Naval Training School where young naval trainees spend half of every day receiving mechanical training. And since the inception of the Ford Training School eight years ago, students representing 438 high schools have learned trades with us. In the 21 schools under the Ford Foundation we teach all subjects from homemaking and nursing to farming and business.

On our property in Georgia we have organized colored schools which are operated by the colored people themselves, and they are doing a fine job. The point here is that we can do these things because we are free to do them. An industry established merely to make money neither could or would do these things. It would say it is not industry's business to teach homemaking or nursing. But we think it is industry's business to teach anything when that happens to be the thing that needs to be done. What is life but education, anyway?

"Because we are a free, uncontrolled business, all of these useful by-products — the work and the means to do it with — just naturally come along, and everyone gets the benefit.

"Young Americans should know that there are two ways of doing business—one that makes money its master, and one that makes money its servant. For forty years, the latter has been my style of business, and I think it will be the only type of business that will succeed in the future.

"Until we first started in business I had no idea how completely American business was governed by the idea of making money. Some men even thought it was 'good business' to cut down production in order to increase profits.

"They believed in the theory that scarcity makes wealth. I could never understand it.

"For one whole year I went around and talked to older businessmen — the better type, the men who built Detroit—not the money manipulator and speculator type. It is a good thing for young men to talk with the right sort of older men. They confirmed my idea that the best theory of business is to make as many as you can of the best article you can at as low a price as you can. If you do this you find yourself, as we did, having all the money you need to grow on, and able to pay the highest rate of wages.

"A business is never a good business until it does equally well for the public, its employes, and itself.

"A businessman should know men. He must know how to read the book of human nature. Then he will know how best to employ the men he has around him. Men who are doing what they are best fitted for, are more useful to themselves and to everyone else. In our Company we have always tried to work on that principle and our men stay with us longer than is the general rule.

"Business and industry must build the physical basis of the good society. Only industry can abolish poverty; it can give the only social security human beings can know—the security of being able to produce what they need.

"We have not enough industry to serve America's needs or the world's needs. In this country we have done pretty well as far as we have gone, but there must be more and more industry. It is essential to political and economic freedom, and anything that hinders industry is harmful to the American ideal.

"I am convinced of the basic social service of industry and I am proud to have served for 40 years in its development. I know of no better way to help my fellow man than to build more and more industry, linking farms and schools and all the arts to its general purpose. There is no better way for a young man to serve his generation than to get into the work of making industry a better builder of social values."

Public Utility Securities

(Continued from page 509)

better ratio (listed utilities sell nearly three times as high in relation to earnings). The rise in the old preferred has not been as sensational as that of United Light—it is currently selling on the Curb around 72 or about double last year's low.

A probable reason for the low earnings ratio of Puget Sound is the fear that cheap government power from Bonneville and Grand Coulee may compete with private power in the Northwest in the post-war period. However, since Puget's industrial load is relatively small and its rates are low, it seems fairly secure against competition from local or federal power projects. To build competing distributing lines (as TVA began to do in Tennessee, but abandoned in favor of buying Commonwealth's lines) would be a waste of funds which tax-payers seem unlikely to approve; and the only alternative would be to buy Puget's distributing system, in which case the common stock, with its book value (after "write-offs") of nearly $15, might not fare too badly. In any event, rapid growth in this territory is expected and government power, currently going into aluminum production and other war work, may not prove a serious factor.

Cgo. & Southern Air Lines Offers Possibilities

Chicago and Southern Air Lines, Inc., common, common V.T.C. and option warrants offer interesting possibilities according to a phamphlet prepared by Stifel, Nicolaus & Co., Inc., 314 North Broadway, St. Louis, Mo. Copies of this pamphlet are available to investment dealers upon request.

Lary Opens In Boston

(Special to The Financial Chronicle)

BOSTON, MASS. — Stanley C. Lary has opened offices at 40 Trinity Place to engage in a general securities business.

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Beebe Returns To "Street"

William N. Beebe, who has been on leave of absence from Stillman, Maynard & Co., 61 Broadway, New York City, members of the New York Stock Exchange, has returned as manager of the firm's Bond Department. For the past six months he has been acting as Administrative Assistant in the Reconstruction Finance Corporation (Rubber Development Corporation) stationed at Manaos,Brazil.

Petrolite Looks Good

Petrolite Corporation, Ltd., offers interesting possibilities for income, according to a memorandum issued by Hill, Thompson & Co., Inc., 120 Broadway, New York City. Copies of this memorandum discussing the situation may be had upon request from Hill, Thompson & Co.

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

SEATTLE, WASH.—**Theo. M. Knudson** and **Eleanore M. Scott** have been added to the staff of **Earl F. Waterman and Co.,** 1411 Fourth Avenue Building.

(Special to The Financial Chronicle)

BOSTON, MASS.—**George W. Clace, James J. Conway** and **Ralph W. Pierce** are with **Moors & Cabot,** 111 Devonshire Street.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Edwin Price Kimbrough, Jr.,** has become associated with **Blyth & Co., Inc.,** 135 South La Salle Street.

(Special to The Financial Chronicle)

CHICAGO, ILL.— **Gerhard B. Noll** has become affiliated with **Eastman, Dillon & Co.,** 135 South La Salle Street. Mr. Noll for many years was connected with Stone & Webster and Blodget, Inc.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Everett F. Morgan** has been added to the staff of **Thomson & McKinnon,** 231 South La Salle Street.

(Special to The Financial Chronicle)

CLEVELAND, OHIO — **Harold S. Yeomans** is now with **Goodbody & Co.,** National City Bank Building. Mr. Yeomans was previously with J. E. Neubauer & Co. and Stanley & Co.

(Special to The Financial Chronicle)

DENVER, COLO.—**Arthur B. Copeland** has joined the staff of **Otis & Co.,** First National Bank Building.

(Special to The Financial Chronicle)

INDIANAPOLIS, IND.—**Francis T. Godman** is now affiliated with **Thomson & McKinnon,** 5 East Market Street.

(Special to The Financial Chronicle)

MILWAUKEE, WIS.—**Grace M. Lowe** is now with **The Milwaukee Company,** 207 East Michigan Street.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Edward Senturia** has become associated with **Newhard, Cook & Co.,** Fourth and Olive Streets. Mr. Senturia for a number of years was with Edward D. Jones & Co.

(Special to The Financial Chronicle)

SEATTLE, WASH. — **John D. Heffernan** has joined the staff of **Hartley Rogers and Co.,** 1411 Fourth Avenue Building.

(Special to The Financial Chronicle)

SEATTLE, WASH.—**Harry D. Sloan** has become connected with **Earl F. Townsend and Co.,** Dexter-Horton Building. Mr. Sloan was previously with Harris, Lamoreux and Norris, Inc., and Dagg & Co.

Purchasing Power Backlog Discussed

(Continued from page 499)

the war with ever idea in mind of continuing them into the peace period. In my opinion, nothing could be more beneficial to the New Dealers than an immediate release of all war controls when peace comes. Then we would have exactly the picture that Dr. Wright properly fears and when the deflation comes, the New Dealers would step back in the saddle and say, "You see, the economy cannot be run without controls," and I have every reason to believe that a large majority of the American public would be thoroughly convinced. The best thing the conservatives can do is to urge rigorous control of the immediate post-war period including price controls, rationing, and priorities. The priorities should be so applied as to permit full employment but not overemployment. If this were done, instead of Dr. Wright's two-year period, it is easily possible that we might enjoy four or five years of very good business with no severe shock at the end of that period. This appeals to me as being the only common sense approach to this post-war period but aside from the recent plea of the National Association of Manufacturers that it be done, it seems to be going almost unsponsored amid vigorous appeals of prominent businessmen for immediate release of the war-time controls as soon as the war ends.

To illustrate the type of opposition which is emanating from industrialists, I quote the following from a Carnegie-Illinois post-war survey as reported in the press. After indicating that the post-war outlook is very favorable to a sweeping upsurge of enterprise, the article continues as follows:

"The chief threat to such an economic climate is the possible retention by government of wartime controls over industry. Excessive government intrusion in private enterprise inevitably supplants a management of intelligence and ability with one shackled by political expediency and bureaucratic red tape."

Unless intelligence of a high order is applied to the lowering of the impounded purchasing power in the immediate post-war period, ali of the efforts of the post-war planners to retain capitalism and free enterprise in this country may be washed away in the flood waters of this post-war boom.

RICHARD C. LILLY,
President, The First National Bank of Saint Paul.
St Paul, Minn., July 27, 1943.

Ins. Stocks Look Good

At current levels, American Alliance Insurance Company, Continental Insurance Company, Employers Reinsurance Corporation, Fidelity & Deposit Company, Glens Falls Insurance Company, Great American Insurance Company, National Liberty Insurance Company, New Amsterdam Casualty Company, Northeastern Insurance Company, Northwestern National Insurance Company, Phoenix Insurance Company, Paul Revere Fire Insurance Company, and Security Insurance Company, offer attractive possibilities according to memoranda being distributed by Mackubin, Legg & Company, 22 Light Street, Baltimore, Md., members of the New York and Baltimore Stock Exchanges. Copies of these interesting memoranda may be obtained from Mackubin, Legg & Co.'s Insurance Stocks Department.

Nat'l Radiator Attractive

The current situation in The National Radiator Company offers attractive possibilities, according to a memorandum being distributed by C. E. Unterberg & Co., 61 Broadway, New York City. Copies of this interesting memorandum may be had from the firm upon request.

Situation Attractive

The 4% stock of Beech Creek Railroad offers interesting possibilities, according to a circular being distributed by Adams & Peck, 63 Wall Street, New York City. Copies of this circular discussing the situation in some detail may be had upon request from Adams & Peck.

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(L. A. Gibbs, Manager Trading Department

Bank and Insurance Stocks

By E. A. VAN DEUSEN

This Week — Insurance Stocks

One of the favorite ratios given consideration by investors in fire insurance stocks is that of "market to liquidating value per share." In the opinion of the writer, however, a more helpful and significant ratio is that of "market to invested assets per share." As is well known, fire-insurance companies derive their income from two sources, viz: invested assets and underwriting operations. Furthermore, dividend payments are predicated entirely, in the great majority of cases, on net investment income, while underwriting profits or losses are credited to earned surplus. Hence, so far as dividends on fire insurance stocks are concerned, the invested assets and the investment income of the companies are of critical importance. This by no means implies, however, that the underwriting record of a company can be ignored, for certainly if a company were to experience underwriting losses for a stretch of years, its surplus position would be jeopardized and its dividends would have to be reduced, despite favorable net investment income.

It is of interest in this connection to study the record of a group of thirty representative companies, since 1925, as to their net investment income, dividend payments and net underwriting profits.

TOTALS FOR 30 COMPANIES
($000)

Year	Net Inv. Income	Dividends	Net Underwriting Profit or Loss
1925	$31,496	$21,860	—$4,659
1926	32,461	22,878	—103
1927	34,417	26,147	17,699
1928	37,176	27,498	26,342
1929	40,938	34,911	30,667
1930	47,508	39,784	—2,192
1931	44,188	39,428	2,624
1932	35,100	26,495	—6,629
1933	30,176	24,919	24,469
1934	31,170	27,919	27,354
1935	32,288	33,510	35,563
1936	38,217	31,744	17,433
1937	39,822	34,331	22,153
1938	35,959	34,291	16,489
1939	38,907	35,881	17,098
1940	41,244	36,171	17,427
1941	43,503	37,491	15,029
1942	41,920	36,431	—545
Total	$676,490	$573,689	$256,219

The important thing brought out in this tabulation is the fact that, in each year except 1935, net investment income alone has covered dividends by a substantial margin. The year 1935 does not conform, because a large extra dividend was paid that year by Home Insurance Co. It will also be observed that net underwriting results fluctuate year by year to a greater extent than does net investment income, and that in five years, viz: 1925, 1926, 1930, 1932, and 1942, net underwriting losses were experienced.

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Over the entire period of 18 years net investment income aggregated $676,490,000 and dividends aggregated $573,689,000. In other words, dividends were earned 1.18 times by net investment income. The excess of $102,801,000, plus aggregate net underwriting profits of $256,219,000, were credited to earned surplus. It is of interest to note that total net investment income for the period was 2.64 times total net underwriting profits.

Our next tabulation shows the liquidating value per share and the invested assets per share of each of the thirty companies in the group, as of Dec. 31, 1942. The first point to note is that "invested assets per share" is greater than "liquidating value per share," except in the case of Great American whose liquidating value includes the capital and surplus of The Great American Investing Co. The second and more important point to note is, that the great majority of these insurance stocks were purchasable on Dec. 31, 1942 at considerable discount from "invested assets per share." On average, the thirty stocks were selling to yield the investor $1.36 of invested assets per $1.00. American Equitable yielded the highest with $2.20 per $100, Hartford yielded $1.00 for $1.00, but Glens Falls, Great American and North River were selling at a premium to invested assets.

(Continued on page 514)

PRIMARY MARKETS IN
INSURANCE STOCKS

HUFF, GEYER & HECHT, INC.

New York 5
67 Wall Street
WHitehall 3-0782
NY 1-2875

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CG-105

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PROVIDENCE, Enterprise 7008

Municipal News & Notes

An issue of $14,281,000 of General and Refunding Bonds will be offered for sale by The Port of New York Authority at 11 a.m. on Aug. 10.

The Commissioners of the Port Authority so decided at a meeting on Aug. 3, according to the announcement made by the Authority's Chairman, Frank C. Ferguson. The offering will consist of General and Refunding Bonds, Seventh Series, 2¾%, due 1973, and the bonds will be dated Sept. 1, 1943.

"The proceeds of the new issue," Mr. Ferguson said, "will be used to redeem $13,865,000 of the Authority's General and Refunding Bonds, Third Series, 3½%, due 1976. The latter are callable Nov. 1, 1943."

In announcing the forthcoming offer Chairman Ferguson stated that the essential nature of Port Authority traffic has kept earnings at a level which is reflected in the continued and exceptional strength of Port Authority securities. "The closing of the Electric Ferries at 23rd Street, and the collection of military tolls which started on July 1," Mr. Ferguson added, "are expected to further improve Port Authority earnings."

Knoxville Would Like To Retire Additional Power Bonds

Knoxville, Tenn., power revenues, which have mounted steadily since the city took over the electric system in 1939, rose to $1,521,156 for the first six months of the year, an increase of more than $72,000 over the same period in 1942, according to a comparative income statement prepared by City Utilities Manager Max Bartlett.

Profit for the period for Power and Water Board operations was $440,771, divided $339,877 for power and $100,894 for water.

During the past 12 months (ending June 30) revenues totaled $3,012,707 as compared with $2,852,270 for the same period in 1941-42. A total of 135,771,000 kilowatt hours were sold during the past 12 months, 7,527,000 more than during the previous 12 month period.

Bonds in the amount of $1,009,000 have been retired since 1939, and another three-quarters of a million dollars worth would be retired now—"if we could get them," Manager Bartlett said.

Holders would rather keep them and take their interest as it comes due rather than accept the lump sum of par and interest to maturity which would send income taxes rocketing.

However, bonds due July 1, 1943, were retired a year ago.

Of the $1,521,156 revenue for the first six months of this year, $184,700 has been put in bond retirement reserves, $155,177 transferred to surplus.

Operating costs for this period amounted to $839,653, or 55.2% of total revenue. That was the lowest per cent used for that purpose since the city began distributing power, although in terms of dollars and cents, operating expenses were up about $30,000 for the first six months of the year over the same period in 1942.

During this period a total of $241,895 went to taxes, amortization and depreciation; $101,046 to interest and miscellaneous deductions.

The half-year's operation showed a slight decline in sales to small commercial firms such as filling stations, roadside stands and other small type businesses. However, during the past 12 months 433 new customers were added to bring the total to 41,160.

Revenues from the Water Department amounted to $426,723 during the first six months of the year, an increase of more than $24,000 over the first half of 1942.

Of this sum $27,472 was set aside for sinking fund reserves; $73,421 was transferred to surplus and $82,930 paid in interest.

Rules Against N. Y. School Districts On Interest Rate Reduction

New York State's Attorney General has ruled that the State Comptroller cannot find agreement with a school district for a reduction of interest rates on bonds of a district held by the State. The ruling according to report was made in answer to an inquiry from an up-state school district which said that certain bonds held had been bought years ago by the Comptroller for investment in the state's canal sinking fund.

Detroit Tax Collections At All-Time High

City Treasurer Albert E. Cobo reported recently an all-time peak of tax collections in the fiscal year just ended, when payments of $76,556,034 equalled 96.97% of the total $78,944,979 levy.

The closest approach to this total was 96.31% in 1923. Last year's total collections were 95.86%.

With delinquency collections of $3,863,000 for 1941 and prior years, the aggregate payments were equal to 101.9% of the current levy, compared with 104.38% last year. The shrinkage is accounted for by the rapid contraction of remaining outstanding delinquencies.

The year's collections exceeded by $27,000 the preliminary estimate given the Council by Cobo a year ago for budget-making purposes, an error of only one-third of one per cent.

Available comparisons indicate that only two major cities in the country have exceeded Detroit's high percentage of collections. Baltimore, which operates on a calendar year, reported 97.2% of its levy paid and Los Angeles a month ago had collected 96.6%.

Law Firm Changes Name To Wood, Hoffman, King & Dawson

Thomson, Wood & Hoffman of New York City, announced Aug. 1 that Graham C. Thomson had withdrawn from the firm due to his retirement from the practice of law.

David M. Wood, John H. Hoffman, George G. King and John B. Dawson, the remaining partners, will complete all pending business and will continue the practice of law under the firm name of Wood, Hoffman, King & Dawson. The firm is nationally known as specialists in municipal bond law and procedure.

Tennessee Reports Record High Surplus

Setting an all-time record, the State of Tennessee closed out the fiscal year June 30 with an accumulated general fund surplus of $5,490,291, State Budget Director W. M. Duncan reported recently to Governor Cooper.

To the general fund surplus was added a highway fund surplus of $6,583,312, and a sinking fund surplus of $21,930,969, giving the State a total surplus in its three major accounts of $39,004,572, also a new all-time high, the budget director reported.

Out of the sinking fund surplus, however, the state paid out on July 1, approximately $11,000,000 in principal and interest on obligations, thereby leaving a present surplus in that fund of aproximately $12,000,000, which is ample to meet all obligations falling due in the current year.

"This is the largest surplus in the history of the state," the Governor declared. "It appears now we will have enough money, not only to meet all obligations of the state, but also to leave a large fund for the next administration to carry on a rehabilitation program after the war."

The Governor warned, however, that the splendid fiscal showing of his administration to date "will not cause us to relax our vigilance in holding down operating costs of government and continuing to operate within our budget."

He pointed out that, due to increased living costs, salaries of state employes had been stepped up approximately $600,000 a year, but added "This is more than offset by the reduction in the number of employes on the state pay roll."

The Chief Executive took the occasion to commend leaders of his administration who had cooperated in paring governmental costs.

Budget Director Duncan placed the general fund surplus for single fiscal year just closed at $2,632,490, which marks a new high figure for one year. To this was added an existing surplus of $2,857,801 to give the accumulative total of $5,490,291. The single year surplus for the highway was placed at $1,331,664, while that of the sinking fund was $9,897,793.

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Avers Cost Of War Will Not Be Borne By Future Generations

Says Tax Levy To Pay Interest On And Amortize 300 Billion Dollar Debt Would Wreck Our Economy

I have just got around to reading Dr. Saxon's article on the subject, "Can the United States Support a 300 Billion Dollar Debt?" which appeared in a recent issue of your most interesting publication. I find myself in agreement with many of the conclusions drawn, but when he comes to deal with the effects of war debts on the future of our country he makes the common mistake of assuming that in some way the cost of the war is going to be borne by future generations. This, it seems to me, is not only untrue, but impossible, as a simple analysis will show.

Every item of military supplies used in war has either been withdrawn from storage or made for the purpose from day to day. Supplies which would otherwise be consumed by civilians are diverted to military use, or labor which would otherwise manufacture for civilians is diverted to manufacture for the army or navy. To a very large extent it is labor which was idle that has been put to work for military production, as we see all around us today. Therefore the present generation, and to a limited extent past generations, produce everything used in war and suffer whatever loss and destruction follow in the wake of war.

But, you will say, all this military production is paid for with borrowed money and future generations will have to pay those debts. Again you are wrong. Money borrowed today represents either past or current savings, and in either case represents the diversion of a certain amount of current spending power from civilian to military uses. When the war is over, the war will have been paid for—every last plane, tank, ship, gun and uniform—because every item had to be created by past or current labor and capital before it could be used.

What we have left is merely a matter of bookkeeping. Debts are valid claims on posterity only as long as they are recognized as such. When payment becomes impossible or inconvenient, nations merely wipe them off the books and start fresh. That is why, in case after case, nations which have been defeated in war arise in a few years as strong or stronger than ever. Witness Germany, which wiped out its internal debt by inflation and its foreign debt by repudiation and in a few years created the mightiest war machine the world had until then seen. Witness Russia, which was completely prostrate in 1917, and today is stronger than the Czar's Russia ever was.

People are appalled at the expenditure of billions of dollars for defense. They needn't worry. Defense material is very largely being produced by workers who would otherwise have been idle. If the debts bother us unduly, we'll wipe the slate by scaling down, inflation, or repudiation, all of which are simply other forms of taxation.

But what about national honor? Wouldn't repudiation be dishonorable? No more so than bankruptcy in civil life! We used to put debtors in jail; now we put them through bankruptcy, and they come out pure as driven snow. England repudiated her debt to us, but seems to have plenty of friends in the United States still. Besides, we might as well realize that beyond a certain point debts simply can't be paid. If we taxed our people high enough to pay interest and amortization on a 300-billion-dollar debt it would wreck our whole economy. The taxpayers wouldn't have enough left to keep ordinary business going. It sounds queer but is true nevertheless that when a nation is contracting debt it is prosperous, but when it starts paying off debts on a large scale it speedily runs into depression. This, of course, is because the creation of debt increases buying power, while the paying off of debt reduces buying power.

Debts of the size we are piling up today will never be paid in full.

May I add in closing that the series of articles you have been running recently in the "Chronicle" on post-war economic problems seems to me to be a distinct public service.

J. H. HARRISON,
A retired banker.
Westport, Conn.

Plan to Take Gasoline from Coal Backed By Ickes

Harold L. Ickes, Secretary of the Interior, and Petroleum Administrator for War, on Aug. 3 endorsed a Congressional move to build demonstration plants for the extraction of motor fuel from coal and coal shales, according to Associated Press advices from Washington, which further state:

Mr. Ickes, before a Senate Public Lands subcommittee, announced that America's proven oil reserves are only 19,000,000,000 or 20,000,000,000 barrels—a 14 or 15-year supply at the present rate of consumption.

On the other hand, he said, we can count on about three trillion tons of coal—enough to provide 1,500,000,000 gallons of synthetic fuel each year for 1,000 years, and still have enough coal for all present day purposes.

Mr. Ickes also stated that the nation would find it impossible to "continue to rip and roar through an endless golden age of gasoline" because oil is being consumed here about three times as fast as it is being discovered.

Mr. Ickes was backed by Ralph K. Davies, Deputy Administrator; Dr. R. R. Sayers, director of the Bureau of Mines; W. Jett Lauck, economist for the United Mine Workers of America.

Industrial Finance Corp. Situation Attractive

Newborg & Co., 30 Broad Street, New York City, members of the New York Stock Exchange and New York Curb Exchange, have prepared a memorandum on Industrial Financial Corporation, which the firm believes offers attractive possibilities at the present time. Copies of this interesting memorandum may be had from Newborg & Co. upon request.

Tomorrow's Markets Walter Whyte Says—

Foreign selling from neutral countries set off market decline but market was already ripe for it. Support levels a few points below recent lows now begin to show.

By WALTER WHYTE

Now that the market has turned down violently, and on volume, the number of pessimists has increased by leaps and bounds. The only kind word you can hear for the price trend today is that "maybe it will rally." But if there's any doubt of the rally there doesn't seem to be any about the "impending" new decline.

* * *

Learned articles and brokerage market letters are now busy quoting the Dow theory all tending to prove whatever the writer wants it to prove. But shorn of all its fine words and polysyllabic terminology the fact stands out that the market is down and nobody really knows when it will either hit bottom and recover, or when it will just have a rally.

* * *

Being human this would be an ideal time for me to sit back, put my feet on the desk and wisely observe "I told you so." Unfortunately I have a column to write and patting myself on the back won't fill all the blank space that faces me. So here goes:

* * *

First: where did all the selling come from? Some of it came from individuals but the major portion of the initial offerings which started the ball rolling came from abroad. Swiss selling of a size which hasn't been seen in many a long month came in. With American investors suddenly faced with a possibility of peace, bids, which ordinarily would have taken the overseas offerings, were withdrawn to see what was going on.

* * *

Result is that stocks ordinarily offered at a price were simply thrown at the market for whatever price they would bring.

The boardroom trader who has seen a one way street so long, was horrified to see that traffic can run the other way. Acting on impulse he too became a seller. Before long the whole pattern of the long bull market was torn apart.

* * *

Now the question arises how is it that a market reflecting fundamentally good business conditions can go to pot so quickly? The answer is that the good fundamentals are no longer there or will be changed in the very near future. What the change will be and how it will come about is something the market does not say. My guess is that has considerable to do with our patchwork foreign policy particularly where it applies to post-war plans.

* * *

From the action of the market I would venture a guess that as soon as a piece of news—it must be an important piece—hits the Page One's of the country the price trend will reverse itself again. I think the news must be bad to have this effect. A good piece of news would now leave the market cold.

* * *

There is some talk around that the market will hit a support area when the Dow industrials reach the 128-130 zone. Maybe that's so but the fact remains that if you don't have the right stocks then the averages can turn flip-flops for all the good it will do you. So instead of talking about averages, bull markets and bear markets I give you a list of stocks which up to this writing indicate better than usual potential support.

* * *

These are as follows: Air Reduction 41-42; American Brake Shoe 32-33; American Machine & Foundry 12½-13½; American Metal 18½-19; American Smelting 37-38; American Steel Founders about 20; Anaconda about 24; Atlantic Refining about 22; Bethlehem Steel about 55; California Packing about 23; Caterpillar Tractor about 43; Continental Can about 30; Continental Oil about 31; Crown Cork & Seal about 22; Cutler Hammer about 20; General Motors 46-47; Goodyear Tire about 32; International Harvester about 60-62; Jones & Laughlin 19-20; National Cash Register about 23-24; Republic Steel about 16 to 16½; U. S. Rubber 33-34; U. S. Steel about 50-52; Youngstown Sheet 32-33 and Yellow Truck 15 to 16.

* * *

It is unlikely that any of these stocks will make their lows on the same day. If they do and then rally you can expect as sharp a reversal as you have seen in a month of Sundays. But what you will likely see is one stock after another recognizing its support level by either bouncing around when it reaches it or just getting dull. Should a rally occur before the greater proportion of the above list sells to the figures appearing alongside then my considered opinion is to look out for new storms.

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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DIVIDEND NOTICE

EATON MANUFACTURING COMPANY
Cleveland, Ohio

DIVIDEND NO. 74

The Board of Directors of Eaton Manufacturing Company has declared a dividend of Seventy-five Cents (75c) per share on the outstanding common stock of the Company, payable August 25, 1943, to shareholders of record at the close of business August 9, 1943.

July 28, 1943

H. C. STUESSY,
Secretary - Treasurer

Interesting Speculation

Adjustment Mortgage 5% Income Bonds due 1960 of the Third Avenue Transit Corporation appear to enjoy a unique "straddle" position in the market, offering interesting possibilities for speculative investment, according to a detailed circular prepared by Hardy & Company, 30 Broad Street, New York City, members of the New York Stock Exchange. Copies of this interesting circular may be had upon request from Hardy & Co.

Over-The-Counter Dealers Render Public Service By Acting As Risk-Bearers

In a reprint of a letter to their subscribers, the National Quotation Bureau, Incorporated, offers an excellent refutation to the arguments in favor of listing securities promiscuously on small exchanges.

"When a securities house, as a dealer, buys or sells a security," the letter states, "it frequently has an actual customer on the other side of the transaction. But often a house buys or sells a security when it has no buyer or seller in sight with whom it can readily complete the transaction.

"On such occasions, the house serves the public as a risk-bearer. It purchases for inventory in anticipation of reselling at a later date as buyers come into the market. It sells out of inventory in expectation of repurchasing at a future date as sellers enter the market.

"This process by which, at their own risk, dealers on the one hand accumulate securities for inventory in absorbing supply, and on the other hand release securities from inventory in meeting demand, is a constructive one. Through it, dealers are able to serve buyers when they want to buy and sellers when they want to sell.

"This is one of the contributions to the public interest that is made by the over-the-counter market in which securities houses conduct trading by negotiation."

Seaboard Reorganizaion Possibilities Interestng

L. H. Rothchild & Co., 120 Broadway, New York City, have prepared a study of Seaboard Air Line, which they believe is especially timely in view of the final report of the Special Master's plan for reorganization of Seaboard. Copies of this interesting study may be had upon request from L. H. Rothchild & Co.

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm change:

Benjamin V. Harrison, Jr., member of the Exchange, retired from partnership in Delafield & Delafield, as of July 31.

Clothing Stock Looks Good

An interesting descriptive circular on Fashion Park, Inc., which the firm believes offers attractive possibilities, has been prepared for distribution by Simons, Linburn & Co., 25 Broad Street, New York City, members of the New York Stock Exchange. Copies of this circular may be had from Simons, Linburn & Co. upon request.

Attractive Situations

Blair F. Claybaugh & Co., 72 Wall Street, New York City, members of the Philadelphia Stock Exchange, have prepared interesting circulars on Ft. Dodge, Des Moines & Southern Railway (4s of 1991 and common), Utica & Mohawk Valley Railway (4½s of 1941), and Consolidated Dearborn (common), which the firm believes offer attractive possibilities at current levels. Copies of these circulars may be had upon request from Blair F. Claybaugh & Co.

PEP Looks Attractive

Portland Electric Power Company collateral trust income 6s of 1950 offer attractive possibilities for appreciation, according to a circular issued by Scherck, Richter Company, Landreth Building, St. Louis, Mo. Copies of this circular, discussing the company and the prospects for growth in some detail, may be had upon request from Scherck, Richter Company.

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I'll save it
for special
occasions!
SCHENLEY
ROYAL RESERVE

60% grain neutral spirits. Blended whiskey, 86 proof. Schenley Distillers Corporation, N. Y. C.

DIVIDEND NOTICES

Atlas Corporation

Dividend on Common Stock

NOTICE IS HEREBY GIVEN that a dividend of 25¢ per share has been declared on the Common Stock of Atlas Corporation, payable September 10, 1943, to holders of such stock of record at the close of business August 14, 1943.

Dividend No. 28 on 6% Preferred Stock

NOTICE IS HEREBY GIVEN that a dividend of 75¢ per share for the quarter ending August 31, 1943, has been declared on the 6% Preferred Stock of Atlas Corporation, payable September 1, 1943, to holders of such stock of record at the close of business August 14, 1943.

WALTER A. PETERSON, *Treasurer*
August 2, 1943.

Borden's
COMMON DIVIDEND
No. 134

An interim dividend of thirty cents (30¢) per share has been declared on the outstanding common stock of this Company, payable September 1, 1943, to stockholders of record at the close of business August 14, 1943. Checks will be mailed.

The Borden Company
E. L. NOETZEL, *Treasurer*

TRIUMPH EXPLOSIVES, Inc.

The Board of Directors of Triumph Explosives, Inc. has declared a dividend of 20 cents per share on the common stock of the company, payable on August 7, 1943, to stockholders of record on July 31, 1943.

B. F. PEPPER, *President*
July 28, 1943

OTIS ELEVATOR COMPANY

PREFERRED DIVIDEND NO. 179
COMMON DIVIDEND NO. 143

A quarterly dividend of $1.50 per share on the Preferred Stock and a dividend of 25¢ per share on the no par value Common Stock have been declared, payable September 20, 1943, to stockholders of record at the close of business on August 25, 1943.

Checks will be mailed.

C. A. SANFORD, *Treasurer*
New York, July 28, 1943.

Calendar of New Security Flotations

OFFERINGS

UNITED DRUG COMPANY

United Drug Company has filed a registration statement for $20,000,000 15-year sinking fund debentures due 1958 and 100,000 shares of cumulative preferred stock, par value $100 per share. Interest rate on debentures and dividend rate on preferred stock will be supplied by amendment.

Address—43-63 Leon Street, Boston, Mass.

Business—Principal businesses in which company and its subsidiaries are engaged are two-fold: Manufacture of drugs, pharmaceuticals, toilet articles, food and chocolate products, rubber articles and other products used in or sold by drug stores and distribution of such products, and secondly the operation, by subsidiaries of retail drug stores.

Underwriting—Smith, Barney & Co., New York, heads the group of underwriters. Others will be supplied by amendment.

Proceeds—Proceeds will be applied by company together with other funds to the redemption of $30,243,200 face amount of the company's 25-year 5% bonds due March 15, 1953, presently outstanding in the hands of the public, at 103% of face amount plus accrued interest. Such redemption will require $31,150,496 plus accrued interest, which to Sept. 15, 1943, will amount to $756,080.

Registration Statement No. 2-5182. Form S-1. (7-16-43).

Company July 30 filed an amendment to its registration statement. Among other things, the amendment contains a list of 66 underwriters for the proposed public offering of $20,000,000 of 15-year sinking fund debentures due 1958 and $10,000,000 of cumulative preferred stock scheduled for offering on or about Aug. 5.

Besides listing the underwriters, the amendment also specifies a coupon rate of 3¼% for the debentures and a cumulative dividend rate of $4.75 for the cumulative preferred stock. It also includes provision for a "purchase fund" for the preferred stock. It is proposed to pay into this "purchase fund" annually either 20% of certain net profits of the company and its subsidiaries for the fiscal year immediately preceding, or $250,000, whichever is less. Payments to this fund will be made after deducting annual preferred dividends and sinking fund payment on the debentures.

The list of underwriters and the respective amounts to be underwritten by them is attached.

Underwriters—	Bonds (000 Omitted)	Pfd. Stock (in shares)
Smith, Barney & Co.	$2,000	10,000
Glore, Forgan & Co.	800	4,000
Harriman Ripley & Co., Inc.	700	3,500
Goldman, Sachs & Co.	600	3,000
Hornblower & Weeks	600	3,000
Lee Higginson Corporation	600	3,000
Paine, Webber, Jackson & Curtis	600	3,000
Shields & Co.	600	3,000
Stone & Webster and Blodget	600	3,000
Union Securities Corp.	600	3,000
White, Weld & Co.	600	3,000
Central Republic Co.	400	2,000
Eastman, Dillon & Co.	400	2,000
Hallgarten & Co.	400	2,000
W. E. Hutton & Co.	400	2,000
E. H. Rollins & Sons, Inc.	400	2,000
Spencer Trask & Co.	400	2,000
A. G. Becker & Co.	300	1,500
Dominick & Dominick	300	1,500
Estabrook & Co.	300	1,500
Harris, Hall & Co.	300	1,500
Hawley, Shepard & Co.	300	1,500
Hayden, Stone & Co.	300	1,500
Hemphill, Noyes & Co.	300	1,500
Tucker, Anthony & Co.	300	1,500
Wisconsin Company	300	1,500
Dean Witter & Co.	300	1,500
Adamex Securities Corp.	200	1,000
A. C. Allyn & Co.	200	1,000
Hayden, Miller & Co.	200	1,000
Carl M. Loeb, Rhoades & Co.	200	1,000
McDonald-Coolidge & Co.	200	1,000
Riter & Co.	200	1,000
Stein Bros. & Boyce	200	1,000
Stroud & Co., Inc.	200	1,000
Swiss American Corp.	200	1,000
G. H. Walker & Co.	200	1,000
Auchincloss, Parker & Redpath	150	750
Bacon, Whipple & Co.	150	750
Baker, Weeks & Harden	150	750
H. M. Byllesby & Co.	150	750
R. L. Day & Co.	150	750
Farwell, Chapman & Co.	150	750
Field, Richards & Co.	150	750
First of Michigan Corp.	150	750
Illinois Company	150	750
Kebbon, McCormick & Co.	150	750
Milwaukee Company	150	750
Moore, Leonard & Lynch	150	750
Newhard, Cook & Co.	150	750
Chas. W. Scranton & Co.	150	750
Whiting, Weeks & Stubbs	150	750
Yarnall & Co.	150	750
J. M. Dain & Co.	100	500
Paul H. Davis & Co.	100	500
Fahey, Clark & Co.	100	500
Henry Herrman & Co.	100	500
Mullaney Ross & Co.	100	500
Maynard H. Murch & Co.	100	500
Nashville Securities Corp.	100	500
Piper, Jaffray & Hopwood	100	500
Schwabacher & Co.	100	500
Sills, Troxell & Minton	100	500
Stix & Co.	100	500
Harold E. Wood & Co.	100	500
Kuhn, Loeb & Co.	700	3,500

Offered Aug. 5, 1943, the debentures at a price of 101.75 and preferred stock at $100, by Smith, Barney & Co. and associate underwriters.

WOODWARD & LOTHROP

Woodward & Lothrop filed a registration statement for 27,500 shares of common stock, par value $10 per share. The shares are already issued and outstanding.

Address—11th and F Streets, N. W., Washington, D. C.

Business—Owns and operates a department store.

Underwriting — The underwriters and amounts they have agreed to purchase are as follows: Merrill Lynch, Pierce, Fenner & Beane, 7,013; Alex. Brown & Sons, 7,012; Johnston, Lemon & Co., 3,850; Brown, Goodwyn & Olds, 1,925; Ferris Exnicios & Co., 1,925; Robert C. Jones & Co., 1,925; Mackall & Coe. 1,925; Robinson, Rohrbaugh & Lukens, 1,925. All but the first group are located in Washington, D. C.

Offering—Price to the public will be supplied by amendment.

Proceeds—The shares of common stock registered are issued and outstanding shares owned by Brainard W. Parker and the Washington Loan & Trust Co. as executors of the estate of Donald Woodward. The proceeds will go to the sellers as transaction does not represent new financing on part of Woodward & Lothrop. The securities of Woodward & Lothrop owned by the sellers are listed as follows: 39,899 shares of common, par $10, and 2,333 shares of preferred stock, 7% cumulative, par $100 per share. Of said securities only 27,500 shares of common are offered under registration statement.

Registration Statement No. 2-5183. Form S-2. (7-19-43).

Offered Aug. 4, 1943 at $34.75 a share by Merrill Lynch, Pierce, Fenner & Beane, Alex. Brown & Sons, Johnston, Lemon & Co., Brown, Goodwyn & Olds, Ferris Exnicios & Co., Inc., Robert C. Jones & Co., Mackall & Coe and Robinson, Rohrbaugh & Lukens.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing (unless accelerated at the discretion of the SEC), except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930 (b).

Offerings will rarely be made before the day following.

TUESDAY, AUG. 10

WALTER E. HELLER & CO.

Walter E. Heller & Co. has filed a registration statement for $3,000,000 serial notes, due serially $600,000 on Aug. 1 in each year from 1949 to 1953 inclusive. Interest rates on maturities are given as follows: 1949, 2½%; 1950, 2⅝%; 1951, 2¾%; 1952, 2⅞%, and 1953, 3%.

Address—105 West Adams Street, Chicago.

Business—Engaged principally in financing the sales and other current operations of manufacturers, distributors, dealers, merchants and others, by purchasing or making advances on their accounts, notes, acceptances or other documents, also in making direct loans or advances against inventory, machinery, equipment, real estate or other assets, and in otherwise lending funds and giving financial aid to business concerns.

Underwriting — Underwriters with amounts to be purchased are given as follows: Harris, Hall & Co., Inc., Chicago, $1,500,000; First Boston Corp., N. Y., $1,000,000, and Goldman, Sachs & Co., N. Y., $500,000.

Offering—Price to public to be supplied by amendment.

Proceeds—To be applied in part to retire $2,400,000 term loans from banks and balance to be used for general working funds.

Registration Statement No. 2-5184. Form A-2. (7-22-43).

WEDNESDAY, AUG. 11

HOOVER COMPANY

Hoover Company has filed a registration statement for 20,206 new shares of 4½% preferred stock, cumulative, par value $100 per share, and 110,000 common shares, par value $5 per share. The common stock is issued and outstanding.

Address—North Canton, Ohio.

Business—Engaged in the manufacture and sale of vacuum cleaners. At present company is doing an extensive business in war products.

Underwriters — Smith, Barney & Co., Hornblower & Weeks and Field, Richards & Co. head the group of underwriters. Others will be named by amendment.

Offering—Company is offering 20,206 of its 4½% preferred shares, share for share, in exchange for a like number of its 6% preferred shares now outstanding. Exchange offer expires at 1 p.m. on the fourth day following the date of the prospectus after registration becomes effective. The underwriters have agreed to purchase any of the new preferred stock not exchanged which may be offered publicly at a price to be filed by amendment. The bankers also may purchase some of the new 4½% preferred shares from holders who received them in exchange for their 6% preferred. The common stock to be purchased from certain large stockholders also will be offered at a price to be filed by amendment.

Proceeds—The company will not receive any of the proceeds from the sale by holders of 4½% preferred and common stock to the underwriters which will go to the selling stockholders. Net cash proceeds received by the company for the 4½% preferred stock to be sold by the company to the underwriters will be applied, together with other funds of the company, to the redemption on a date not later than Oct. 1, 1943, of all unexchanged 6% preferred shares, at the redemption price of $100 per share plus accrued dividends.

Registration Statement No. 2-5185. Form S-1. (7-23-43).

THURSDAY, AUG. 12

KANSAS-NEBRASKA NATURAL GAS CO., INC.

Kansas-Nebraska Natural Gas Co., Inc., has filed a registration statement for 12,500 shares of $5 cumulative preferred stock, without par value.

Address—Phillipsburg, Kan.

Business—Is an operating public utility company engaged in the purchase, primarily, of natural gas in the State of Kansas, and in its transmission and wholesale and retail distribution in the States of Kansas and Nebraska.

Underwriting — Underwriters are First Trust Co. of Lincoln, Neb., 5,625 shares; Beecraft, Cole & Co., Topeka, Kan., 2,250; Harold E. Wood & Co., St. Paul, 1,875; United Trust Co., Abilene, Kan., 1,500; Rauscher, Pierce & Co., Dallas, 625 and Bigelow-Webb, Inc., Minneapolis, 625 shares.

Offering—Offering price to public $105 per share plus accrued dividends.

Proceeds—of the net proceeds, estimated at $1,275,000, the retirement of the company's outstanding 9,824 shares of $6 cumulative preferred stock at $105 per share will require $1,031,520. All of the $6 preferred stock has been called for redemption on Sept. 15, 1943. Balance of net proceeds, estimated at $243,000, will be added to the company's working capital.

Registration Statement No. 2-5186. Form S-1. (7-24-43).

SUNDAY, AUG. 15

DWIGHT MANUFACTURING CO.

Dwight Manufacturing Co. has filed a registration statement for 83,514 shares of capital stock, par value $12.50 per share. All of the shares registered are now issued and outstanding.

Address—89 Franklin Street, Boston.

Business—Manufactures cotton goods.

Underwriting—Hemphill, Noyes & Co. heads the group of underwriters. Other names will be supplied by amendment.

Offering—Offering price to public will be supplied by amendment.

Proceeds—Of the shares registered 73,514 are to be sold to the underwriters by J. P. Morgan & Co., Inc., Henry Sturgis Morgan and Junius Spencer Morgan, as executors under the will of John Pierpont Morgan, while 10,000 are to be sold individually by Henry Sturgis Morgan to Hemphill, Noyes & Co., one of the underwriters. Proceeds will go to the selling stockholders.

Registration Statement No. 2-5187. Form S-2. (7-27-43).

MONDAY, AUG. 16

FINANCIAL INDUSTRIAL FUND, INC.

Financial Industrial Fund, Inc. has registered 300,000 fund shares.

Address—650 Seventeenth Street, Denver.

Business—Diversified investment fund.

Underwriters—None.

Offering—At market. Approximate date of proposed public offering Aug. 17, 1943.

Proceeds—For investment.

Registration Statement No. 2-5188. Form S-5. (7-28-43).

FINANCIAL INDUSTRIAL FUND, INC.

Financial Industrial Fund, Inc., has filed a registration statement for 600 cumulative (full-paid) investment certificates calling for the purchase of Financial Industrial Fund shares in the amount of $600,000; 950 systematic (periodic payment) investment certificates providing for total payment of $1,140,000, and 50 systematic investment certificates (with insurance) providing for total payments of $60,000.

Address—650 Seventeenth Street, Denver.

Business—Diversified investment fund.

Underwriting—None.

Offering—Proposed maximum offering price to the public of the securities being registered is $1,800,000. Approximate date of proposed public offering is Aug. 17, 1943.

Proceeds—For investment.

Registration Statement No. 2-5189. Form S-6. (7-28-43).

(This list is incomplete this week.)

Interstate Aircraft Situation Of Interest

Fred W. Fairman & Co., 208 South La Salle Street, Chicago, Ill., members of the Chicago Stock Exchange, have prepared an interesting memorandum on Interstate Aircraft & Engineering Corporation common stock, which they feel offers an attractive situation at the present time. Copies of this memorandum are available to dealers upon request.

Bank & Insurance Stocks

(Continued from page 511)

	Liq. Value Per Share Dec. 31, 1942 $	Invested Assets Per Share Dec. 31, 1942 $	Dec. 31, 1942 Invested Assets Per $ of Market at:— Dec. 31, 1942 $	July 30, 1943 $
Aetna	53.31	67.22	1.31	1.18
Agricultural	81.22	111.06	1.60	1.46
Am. Alliance	23.05	27.80	1.32	1.13
Am. Equit.	26.88	38.54	2.20	1.79
Bank. & Ship.	106.17	138.03	1.92	1.49
Boston	608.16	736.04	1.37	1.17
Continental	39.83	46.22	1.10	0.97
Fid.-Phenix	41.53	49.10	1.11	1.02
Fire Assoc.	74.89	103.41	1.91	1.44
Fireman's Fd.	75.23	88.59	1.18	1.00
Franklin	21.73	30.46	1.06	0.98
Glens Falls	36.17	36.37	0.94	0.82
Great Amer.	29.36	26.15	0.94	0.85
Hanover	28.64	39.26	1.59	1.31
Hartford	81.34	93.21	1.00	0.90
Home	24.71	30.44	1.04	0.93
Ins. of N. Am.	73.71	84.86	1.18	1.01
Natl. Fire	76.54	93.24	1.66	1.45
Natl. Union	220.01	328.15	2.03	1.64
New Bswk.	32.33	46.16	1.52	1.27
New Hamp.	45.49	54.93	1.29	1.14
Northern	103.37	126.15	1.44	1.15
North River	21.50	23.28	0.99	0.86
Pacific	134.66	171.80	1.74	1.51
Phoenix	89.94	93.55	1.09	0.98
Prov. Wash.	36.23	42.80	1.29	1.11
St. Paul	262.17	291.98	1.09	0.93
Security	44.65	57.47	1.54	1.48
Sprnigfield F. & M.	130.54	159.03	1.28	1.20
U. S. Fire	51.27	55.30	1.12	1.03
Average			$1.36	$1.17

Since Dec. 31, 1942 fire insurance stocks have appreciated some 15%, with the result that the average for the thirty stocks shows 1.17 of invested assets per $1.00 of market as of July 30, 1943. This ratio, however, is misleading, in that it is based on current market against invested assets as of **Dec. 31, 1942.** Invested assets, however, have increased since the first of the year, not only because the market value of industrial stocks, rail stocks, bonds, etc. have appreciated in the meantime, but also because the actual funds of the insurance companies available for investment have expanded. It seems probable, therefore, that ratios which are based on the market of Dec. 31, 1942 are in most cases approximately correct for today.

It might perhaps be said, that an investor who purchases the stock of any of the better managed, old line, fire insurance companies is, in effect, investing in an experienced "investment trust," but one which enjoys an additional source of income by reason for its underwriting operations. Furthermore, in most instances, he can purchase it at a discount from the market value per share of its portfolio of investments.

NASD Refutes Contentions Of Those Advocating Listing Of All Securities

(Continued from page 499)

The "Congressional Act" which is referred to has not "barred" any securities from being traded on stock exchanges. No issuer is **barred** from having its securities listed and traded on stock exchanges if such issuer believes that the advantages derived from listing on a stock exchange compensate it and the owners of its securities for complying with the requirements of listing. Obviously, the Congress wisely left this to the choice of the issuer.

Use of the phrase "supervised stock exchanges" in the above reference was undoubtedly intended to convey the impression that only transactions on stock exchanges are subject to supervision. This, of course, is wholly fallacious. The securities acts cover trading in over-the-counter markets as well as on the stock exchanges, and Federal and State regulation of over-the-counter markets is supplemented by regulation of the majority of the over-the-counter dealers through the medium of the NASD.

"These exchanges are the natural markets of record, have a definite commission schedule, and are so regulated that the public cannot be deceived."

The statement that exchanges "are so regulated that the public cannot be deceived" is, to say the least, inconsistent with the objective of this advocate who wants exchange regulation relaxed.

NASD Supervises Members

NASD (National Association of Securities Dealers, Inc.) was established under permissive legislation (Maloney Act) passed by Congress in 1938. Among its objectives is the administration and enforcement of rules of fair practice and the promotion of high standards of commercial honor and just and equitable principles of trade for the protection of investors; and, further, to promote self-discipline among members and to investigate and adjust grievances between the public and members. Since its organization, NASD has aggressively and successfully pursued these objectives. As proof of that here are a few facts: since its inception NASD has filed complaints against 400 members and the decisions in these cases resulted in expulsions, suspensions and fines ranging to $2,000 and, in cases involving minor infractions, censures, dismissals or settlements between parties resulted. The SEC in several instances has followed up NASD expulsions with revocations of these dealers' registrations. NASD examines business practices of all members at least once a year. They are continuously under supervision.

"These exchanges are the natural markets of record, have a definite commission schedule, and are so regulated that the public cannot be deceived."

The statement that exchanges "are so regulated that the public cannot be deceived" is, to say the least, a very broad statement not necessarily related to the specific virtues mentioned; it would further appear to be inconsistent with the objective of this advocate who wants exchange regulations relaxed.

"These small exchanges, prior to the inception of the SEC, supported the securities of small local companies and helped innumerable such companies to develop and become well established in the financial world . . ."

Stock exchanges are auction places. They provide the physical surroundings for the buyer and the seller to meet in. They do not and cannot "support" nor can they "help" securities traded in their markets. In fact, it might more accurately be said that a security must attain maturity before it is acceptable to stock exchange listing. This is not a criticism of the stock exchange, its functions or its contribution to the smooth operation of the financial machinery of the country. But it is still the fact that a security has had invariably to pass through a period of seasoning before it was susceptible to auction trading and became a recognized medium for trading on an exchange. A protracted period of time must elapse between the initial public flotation of a security and its attainment of that degree of public ownership and interest which endows the security with the qualities necessary for auction trading in it on stock exchanges. No informed stock exchange official today would deny that a large number of securities have been listed which, over the years, have demonstrated that they had **not** developed these qualities, perhaps never would. A large additional number, with the same inherent defects, have been placed on exchanges under unlisted trading privileges. Many securities listed on stock exchanges, and others traded on stock exchanges under unlisted trading arrangements, should never have left their natural habitat—the over-the-counter market.

Counter Market's Investment Character

In this connection, it is appropriate, as one means of illustrating fundamental differences between over-the-counter markets and stock exchanges, to point out that securities of a high investment caliber such as United States Government issues direct and guaranteed, as well as State and municipal issues are very extensively dealt in over-the-counter. In addition, high caliber investment issues of the most substantial financial institutions of the country, such as insurance companies and banks, are also dealt in almost exclusively over-the-counter. In numerous cases, the securities of these institutions have, at one time or another in the past, been listed on stock exchanges but were removed by the issuers. It is a dominant characteristic of the over-the-counter market that the issues which make up the bulk of actively-traded securities of that market are of a high investment rating.

The "support" and "help" which the financial community manifests for securities are provided prior to their arrival on stock exchanges.

If stock exchanges could **support** and **help** the securities listed on their exchanges, it naturally follows that grateful and contented issuers would not remove their securities from stock exchanges and thus the necessity for such complaints as are now made by Mr. Taylor would be obviated.

Factors of Financial Success

Companies which "become well established in the financial world" attain such eminence as a result of success in their field of enterprise. This success comes about because of the quality and demand for the products of the corporation, sound management, etc.—which, all things being equal, are conveyed to the securities of the company. But becoming well established in the financial world presupposes success in the corporation's field of activity and in its origin has no relationship whatever to the place where the corporation's securities happen to be traded. Transactions made in that place merely reflect the changes in fortune of the issuer of securities.

". . . today such companies cannot afford to become involved in the burdensome requirements of the SEC."

Congress left to the choice of the issuer of securities, the decision as to whether it was desirable and whether it would be beneficial if its securities were listed on a stock exchange. However numerous and tangible may be the benefits of listing securities on stock exchanges, such action entails acceptance of certain responsibilities. The issuer, in practice, weighs all the advantages against the responsibilities incurred when considering whether a security is to be listed on a stock exchange, and decides whether or not the one outweighs the other.

"Why should the stock exchanges be penalized while the over-the-counter market is permitted to trade in all unlisted securities and also those listed on the exchanges?"

The reason why the over-the-counter markets are employed by the public for the transaction of business in securities listed on stock exchanges is a very simple one. Buyers and sellers seek the best market in which to make transactions in listed securities. In a good many cases that happens to be the over-the-counter market. This is good economics — the operation of the fundamental law of supply and demand. The business man always tries to transact his business where the price is best. It is difficult to see how the public good could be served by passing a law or a rule, the effect of which would be to deprive the investor of his constitutional right to do business where he chooses—which means where he will obtain the best bargain.

"We have no argument with the over-the-counter market—we merely ask that such rank discrimination be eliminated."

The "discrimination" which is decried would, if this advocate were successful, result in discrimination against the investor for whose good and for whose protection the securities acts were enacted; it would be worse than discriminatory to deprive issuers of their right to elect whether their sceurities should be listed or not.

"Your decision, when these matters come before you, will result in one of two things:

"1. The closing of all small exchanges—the only securities markets where records of all purchases and sales are kept for all time and are available to anyone.

"2. Unless appropriate action is taken permitting all regional exchanges to trade in any and all securities, whether listed or unlisted, on these exchanges which afford the ONLY market of record with proper supervision for the protection of the public, it is quite apparent that these small exchanges will be forced to discontinue operations and the entire securities business of the country will become concentrated in the large fiancial centers."

1. No one in the financial community can contemplate disinterestedly the possible disintegration of small stock exchanges. They have rendered a useful service to their communities over a period of many years and it is to be hoped that they will survive and continue to be useful to these communities. However, if these exchanges can serve no useful economic purpose, then they cannot survive regardless of what may be done to save them.

What Would Happen?

2. The "appropriate action" which would permit all exchanges to trade in any and all securities would seem to be an appeal for legislation which would enable members of stock exchanges to transact business in securities other those those "formally" listed on the exchange or traded there under unlisted trading privileges. How this could be done without a complete revision of the securities acts and the discarding of underlying principles of those acts, it is hard to see; but, even if such edict or enabling legislation were forthcoming, is there any guarantee that the lot of the regional stock exchanges would be improved? This advocate of the position of the stock exchanges has confessed (by indirection) that for many presently listed securities better markets are available off the exchanges than on the exchanges. By opening the exchanges to hundreds if not thousands of additional securities, there would be just that many securities which **could** be traded on exchanges but which still would enjoy their best markets off the exchanges. The reason this would come about is the reason for the present state of affairs. Stock exchanges are, as has been pointed out, no more than auction places. Under their roofs orders to buy and to sell securities are matched by the members of those exchanges and when the opposite order needed to complete the transaction is missing, there is no transaction. On the other hand, in the over-the-counter market buyers and sellers literally **make** markets. Those engaged in over-the-counter trading recognize no physical confinements for their operations. If a buyer or a seller cannot be found in the immediate community, he is sought out in all likely places. If a prospect is found but there is a gap in the price, the effort is made forthwith to compose the difference. Over-the-counter dealers merchandise securities, carrying them to the ultimate consumer. It is also characteristic of the over-the-counter market that many of those who engage in it take the business man's risk in the conduct of their business. They inventory securities the same as any merchant. They are prepared to buy or to sell at a price at any time. They do not wait for a buy order and a sell order to meet by happenstance in their own offices. The existence of an order to buy or to sell is enough for the over-the-counter dealer to find the opposite of one or the other.

Decentralization Not Concentration

The statement that the demise of small stock exchanges will mean that "the entire securities business of the country will become concentrated in the large financial centers" is a projection that cannot be reasonably argued. The small stock exchanges are located in the more important centers of financial activity in various parts of the country. These communities are truly "centers" of their particular regions and the more business that flows into these centers the more concentrated becomes the securities activities of those regions served by the small stock exchanges. In contrast, the over-the-counter markets are decentralized and diffused to such an extent that even the smallest community can be said to supply a purely local market for securities native to the area. The larger the number of people engaged in over-the-counter securities business, the more widespread and local is the volume of business done. Obviously, then, the regrettable disappearance of small stock exchanges (and we view such a prospect with considerable concern, although confident that it is unlikely to develop) would most likely result in an even wider diffusion of securities activities than prevails at present.

This is under no circumstances to be construed as an offering of these securities for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such securities. The offer is made only by means of the Prospectus.

NEW ISSUES

UNITED DRUG COMPANY

$20,000,000

Fifteen Year 3¼% Sinking Fund Debentures due 1958

Dated August 1, 1943 Due August 1, 1958

Price 101¾% and accrued interest

100,000 shares

$4.75 Cumulative Preferred Stock, without par value

Price $100 per share

plus accrued dividends from August 1, 1943

Copies of the Prospectus may be obtained from only such of the undersigned as may legally offer these securities in compliance with the securities laws of the respective States.

SMITH, BARNEY & CO.

GLORE, FORGAN & CO.
HARRIMAN RIPLEY & CO.
Incorporated

GOLDMAN, SACHS & CO.
HORNBLOWER & WEEKS
LEE HIGGINSON CORPORATION

PAINE, WEBBER, JACKSON & CURTIS
SHIELDS & COMPANY
STONE & WEBSTER AND BLODGET
Incorporated

UNION SECURITIES CORPORATION
WHITE, WELD & CO.

August 5, 1943.

HAnover 2-0050 Teletype—N. Y. 1-971

Firm Trading Markets
FOREIGN SECURITIES
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SPECIALISTS
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Queries Regarding Invasion Money

By WALTER E. SPAHR

Professor of Economics, New York University; Secretary Economists' National Committee on Monetary Policy

The information given by Treasury officials to the press regarding the use of invasion money, printed and distributed by the Treasury, is significant chiefly because of what is not revealed as to the nature of this transaction.

The important things for the American people to know are not found in the story of the planning, printing, and distribution of this new paper money as released by the Treasury Department, Aug. 2.

One thing that we in this country need to know is: What is the nature of this money that is being printed and issued in Sicily in terms of lira? Is this paper United States notes? Is it silver certificates? Is it merely outright fiat money?

Dr. Walter E. Spahr

Some closely related questions: Who is liable for the redemption of this currency, what is the reserve against it, and how and when is it to be redeemed?

After the Treasury tells us the nature of the money being issued, we need to know the authority for such issuance. Has Congress empowered our Treasury to issue this brand of currency? If not, under what authority does the Treasury undertake this transaction?

Nothing in the Treasury statement on this currency throws any light on these very vital matters. These are questions that call for answers, and the press and Congress should get them.

Germany devised the diabolical trick of going into a conquered country with fiat money—for example, German-printed inconvertible paper money francs in France—and buying up the goods of the conquered country, and flooding it, with such money.

From all that the Treasury has revealed, there is no way for the American people to know whether our Government is using German tactics or is issuing and using this money in a legitimate way. It is important that there be no confusion in the public mind on this score. On all the points raised the American people are entitled to a full explanation.

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Smith Barney Group Offer $30 Million Secs.

In one of the largest industrial refunding operations of the year to date, United Drug Co. is offering today through a nationwide syndicate of 66 investment houses headed by Smith, Barney & Co., New York, new debentures and preferred stock totaling $30,000,000. The offering consists of $20,000,000 of 15-year 3¼% sinking fund debentures due 1958, and 100,000 shares of $4.75 cumulative preferred stock. The debentures are priced at 101¾% and interest, and the preferred stock at $100.

Other principal underwriters are Glore, Forgan & Co.; Harriman Ripley & Co., Inc.; Goldman, Sachs & Co.; Hornblower & Weeks; Lee Higginson Corp.; Paine, Webber, Jackson & Curtis; Shields & Co.; Stone & Webster and Blodget, Inc.; Union Securities Corporation, and White, Weld & Co.

Proceeds from the sale of these issues will be applied by the company, with other funds, to the redemption on Sept. 15, 1943, of $30,243,200 principal amount of the company's 25-year 5% bonds due March 15, 1953, at 103% and interest.

The present financing represents a further major step in the company's program of debt retirement. The new debentures have annual retirement provisions and the preferred stock is subject to a market fund. The sinking fund on the debentures provides for annual payments of $667,000, sufficient to retire $10,000,000 of the debentures by maturity, thus leaving the company with a funded debt of only $10,000,000 at that time, compared with a funded debt of $40,000,000 of 25-year 5% debentures outstanding in 1928, but since reduced to $30,243,200 through operations of the sinking fund applicable to that issue and open market purchases.

The "purchase fund" for the preferred stock provides for the setting aside each year of the lesser of 20% of the consolidated net profits, after dividends on the preferred and after annual sinking fund payment on the debentures, or $250,000.

The debentures, which contain callable features, will constitute the only funded debt of the company.

Gisholt Co. Interesting

Gisholt Machine Co. offers an attractive situation, according to a memorandum prepared by Herzog & Co., 170 Broadway, New York City. Copies of this interesting memorandum may be obtained upon request from Herzog & Co.

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Senator Burton Urges Business Carry Burden Of Finding Jobs After The War

Urging the bulk of the burden of finding jobs for returning servicemen be carried by private enterprise rather than by the Government, Senators Burton (Rep., Ohio), and Radcliffe (Dem., Md.), suggested on July 31 that President Roosevelt confer soon with business and labor leaders to plan for post-war conversion of war industry to peacetime pursuits.

Their assertions came in separate interviews, reported the Associated Press, after the President made public and endorsed his special post-war planning committee's recommendations that the Government sponsor a demobilization and employment program.

The following is according to the advices quoted:

The Senators said they believed policies should be shaped under which the Government would help private enterprise keep production lines going and thus provide jobs for returning soldiers.

"If you don't have the business activity that produces the jobs, it won't do a great deal of good to provide Social Security benefits," Burton declared.

"It would be a wonderful opportunity for the President now to get business and labor leaders together for a discussion of plans for the post-war period," Mr. Radcliffe said. "A great many of these men already are in the harness working for the Government and they could contribute some constructive ideas."

Both Senators conceded that Government help would be needed.

Mr. Burton said he understood some progress already had been made toward writing into war contracts provisions under which the Government will aid in financing reconversion of plants and machinery to civilian production.

However, he contended that a comprehensive study should be made soon to determine what articles each plant is best fitted to produce after the war and get some general idea of the problems each will face in re-gearing itself to that production.

Both men said they approved the President's program for war veterans, but asserted it did not go far enough.

Mr. Radcliffe, a member of the Senate Finance Committee, said it appeared obvious that some plans must be formulated for readjustment of the tax laws after the war ends.

York Corp. Attractive

Common stock of the York Corporation offers an interesting situation according to a memorandum issued by Peltason, Tenenbaum, Inc., Landreth Building, St. Louis, Mo. Copies of this memorandum may be had upon request from Peltason, Tenenbaum, Inc.

Albert Joyce Partner In Craigmyle, Pinney

Albert G. Joyce, Jr. will become a partner in Craigmyle, Pinney & Co., 1 Wall Street, New York City, members of the New York Stock Exchange. Mr. Joyce was formerly proprietor of the recently dissolved firm of A. G. Joyce, Jr. Co. Prior thereto he was associated with Kidder, Peabody & Co.

Henderson Is Manager For Whitehead Co.

Robert P. Henderson has become associated with Louis H. Whitehead Co., 44 Wall Street, New York City, as general manager. Mr. Henderson was formerly with Lord, Abbett & Co. and in the past was with Amott, Baker & Co. and S. W. Strauss & Co.

Hoit, Rose & Troster Admits Carroll Ward

Carroll J. Ward has become a general partner of the firm of Hoit, Rose & Troster, 74 Trinity Place, New York City. Mr. Ward was formerly a partner of the firm of F. P. Lang & Co. for many years.

American Productive Might

A full size reproduction of the Sid Hix's cartoon appearing in the advertisement of Philco Corporation on page 507 of today's issue of the Financial Chronicle may be obtained from the Philco Corporation, Philadelphia, Pa., free upon request. Ask for Cartoon No. 62CF. This is one of a series of cartoons being drawn for Philco by America's leading editorial cartoonists depicting the significance of America's productive might.

INDEX

Page
Bank and Insurance Stocks........ 511
Broker-Dealer Personnel Items..... 511
Calendar of New Security Flotations 514
Canadian Securities................ 505
Investment Trusts.................. 504
Municipal News and Notes.......... 512
Our Reporter on Governments..... 503
Our Reporter's Report............. 499
Public Utility Securities........... 509
Railroad Securities................. 501
Real Estate Securities.............. 510
Securities Salesman's Corner....... 506
Tomorrow's Markets—Walter Whyte Says 513

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The Business Man's Bookshelf

Inter-American Affairs, 1942—An Annual Survey: No. 2—Edited by Arthur P. Whitaker, Professor of Latin-American History, University of Pennsylvania—Columbia University Press, Morningside Heights, New York—Cloth—$3.00—Publication date: Aug. 10, 1943.

Liberty Aircraft Corp Elects Directors

At the meeting of the Board of Directors of Liberty Aircraft Products Corporation, held on Friday, July 23, 1943, John A. Payne, President of Consolidated Coppermines Corporation, and Harral S. Tenney, Vice President of The Marine Midland Trust Company of New York, were elected to the Board of Directors of the corporation.

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The Financial Situation

The President has apparently chosen to open his fourth term campaign with a radio address which to many seemed strangely out of place in the present circumstances. The confusion, the bickering, the indecision, the lack of clear and consistent policies in Washington, which are responsible for so much of the unnecessary inconvenience and hardship among the rank and file of the civilian population; the failure of the over-all management of war production, which is resulting in unsatisfactory rates of output now so much a concern of our war leaders—these and a host of other related issues are passed over in silence or with a few characteristically ill-tempered jibes and unconvincing generalities. Perhaps it is as well so, since words without deeds could in the nature of the case do little to remedy the situation, and the President is evidently not going to act effectively.

What Is The Soldier To Think?

But whatever the reason, the President has preferred to give chief emphasis to promises about what will be done for the soldiers and sailors when the time comes for them to return to private life. It would be difficult in the circumstances to convince experienced observers that this was not a plain and quite characteristic bid for the so-called soldier vote. But be that as it may, it is pertinent to ask what the men in the camps, aboard the warships, and elsewhere engaged in fighting this war have a right to think of what the President has said to them, and what the great rank and file of the men and women at home, who certainly have the interests of the members of the armed forces as much at heart as the President, should think of it.

To a great many what the President did not say was doubtless a cause of dismay. To those who take the trouble to think problems through, as the New Dealers are so fond of saying, what he did say was about as disquieting. No one doubts, of course, that demobilization—whenever it comes—will bring many difficult problems. If any one in the length and breadth of the land had ever failed to realize the fact,

(Continued on page 518)

Would Follow Republican Platform If Nominated, Bricker Says

John W. Bricker

Governor John W. Bricker of Ohio said on July 31 that should he become a candidate for the Republican Presidential nomination, or become the nominee, he would not attempt to substitute his own views, domestic or foreign, for policies laid down by the party, according to Associated Press accounts from Columbus, which further stated:

"A candidate should be bound by his party platform," Mr. Bricker said in an interview. "If he does not expect to be bound by it he should not accept the nomination."

The Ohio Governor said that any policies enunciated at a meeting of the Republican post-war advisory council in September would be considered by him as representative of party views until superseded by the formal platform.

The advisory council "is the only true party representative in the field at this time" inasmuch as it was appointed by the national chairman, Harrison E. Spangler, and was made up of the country's twenty-four Republican Governors and party leaders in States having Democratic chief executives, he said.

He added that he did not consider the Republican Post-War Policy Association, headed by D. A. Watson, Chicago attorney, as "representing the party." There have been reports that the association was favorable to Wendell L. Willkie.

Mr. Bricker said that he would attend the September meeting, to be held at Mackinac Island, Mich., and make "several suggestions." He added that he did not expect to be in accord with each and every separate policy declaration, but believed he would be able to approve most of them without reservation.

Mr. Bricker is considered a stanch believer in party government and generally has followed party policies. In all instances he has followed county committee recommendations for appointment to local offices and generally has followed party endorsements for State positions.

Crawford Says Private Industry Accepts President's Nomination As Job Provider

NAM Chief Welcomes Postwar Plans For Veterans

Industry welcomes the President's post-war program for veterans and asks the opportunity to sit down with the President and appropriate committees of Congress to work out the practical details, Frederick C. Crawford, President of the National Association of Manufacturers, said on Aug. 2.

Mr. Crawford pointed out that President Roosevelt had nominated private industry as the source of post-war jobs, and "private industry unhesitatingly accepts from the President this nomination as job-giver."

F. C. Crawford

The statement follows:

"We welcome the President's post-war program for the veterans of this war.

"In promising them a mustering-out allowance 'to cover a reasonable time,' supplemented by unemployment insurance 'in case no job is found after diligent search,' he made it clear that the government itself does not expect to make jobs for the returning troops, but does expect that jobs can be found.

"He indicated where the jobs should be sought in his further promise that, for purposes of unemployment insurance, 'all members of the armed forces should be treated as if they had continued their employment in private industry.'

"Private industry unhesitatingly accepts from the President this nomination as job-giver.

"For some time industry has been planning to provide jobs for returning troops. Many industries have rehabilitation programs in full progress and hundreds of soldiers have been returned to their former jobs. The President has correctly pointed out that the prime postwar necessity is jobs. American industry is ready and willing to carry out its part of the program from where the President left it.

"He said the executive branch of government 'cannot do it alone' and that he 'hoped the Congress will help.' We believe that teamwork among these two government functions and business—the maker of jobs—is necessary to achievement of the postwar ideals. With such teamwork America has nothing to fear in the post-war world.

"NAM's Post-war Committee, which has been studying post-war problems for two years, will welcome an opportunity to sit down with the President and appropriate committees of Congress to work out the practical steps which will insure the functioning of private industry to provide maximum postwar employment.

"The first necessary step to post-war jobs is to make it possible for industry to accumulate

(Continued on page 527)

GENERAL CONTENTS

Editorial

Financial Situation 517
Discipline 519

Regular Features

From Washington Ahead of the News 517
Moody's Bond Prices and Yields... 528
Items About Banks and Trust Cos.. 532
NYSE Odd-Lot Trading............ 530
NYSE Short Interest at June 30.. 526
Trading on the New York Exchanges 530

State of Trade

General Review 518
Commodity Prices, Domestic Index. 529
Weekly Carloadings 531
Weekly Engineering Construction... 529
Paperboard Industry Statistics..... 531
Weekly Lumber Movement......... 530
Fertilizer Association Price Index.. 528
Weekly Coal and Coke Output...... 529
Weekly Steel Review.............. 528
Moody's Daily Commodity Index... 528
Weekly Crude Oil Production...... 530
Non-Ferrous Metals Market........ 529
Weekly Electric Output........... 528
June Hotel Sales.................. 530

Landon Charges New Deal Fosters "Fascist Planned Economy"

Alf M. Landon charged on July 31 that the Administration was promoting the "Fascist theory of a planned economy" for use after the war and declared that "the shadow of a notably bitter election that will mean either the eclipse of the Fascist New Dealers—or the American republic—is already appearing over the land."

In a radio address, replying to Vice-President Wallace's recent Detroit talk, Mr. Landon asserted that "we are now witnessing the preview of life as it will be permanently under the New-Deal-gone-to-seed—an arbitrary bureaucracy resulting in Nazism or fascism — the death knell of individual freedom."

Alf M. Landon

The 1936 Republican Presidential candidate stated that even now "schisms and hatred stalk the land," hunger threatens, "disorder is increasing" and inflation is imminent.

Mr. Landon accused President Roosevelt of "life-term ambition" and of pushing the country further apart on domestic issues.

Mr. Wallace's speech, charging that "American Fascists" were seeking to destroy the work of this administration, was referred to in our issue of July 29, page 427.

The text of Mr. Landon's radio talk follows, according to United Press Kansas City advices:

At a time when this nation is engaged in a deadly struggle to preserve the ideals for which it has always stood, Vice President Wallace declared civil war. But he declared that war on the "one-mulers"—the little fellows—the small business man—the farmer—labor itself—on every American who might ever hope to do his own independent thinking to solve his own problems.

Mr. Wallace, with the approval of Candidate Roosevelt, gaily plowed the soil for a bitter political campaign.

The Vice President and Mr.

(Continued on page 527)

From Washington Ahead Of The News

By CARLISLE BARGERON

We have reported so much on the vicissitudes of Barney Baruch that by way of bringing the record up to date we should now report that he is sitting on top of the world. The story of his easing into influence in the Second World War is one of the most fascinating we have heard in a long time. It attests to his tenacity. He couldn't do it in a direct way; Mr. Roosevelt was determined as to that. The rebuffs he suffered at the hands of the President were enough to have discouraged a less hardy man, but Barney bided his time. Now he sits at the right hand of Jimmy Byrnes and there are mighty few things that go on without his approval.

What Barney did, itching to get into the thick of things and finding himself but a hanger-on, was to maneuver Jimmy Byrnes into his job. Back there when there was an increasing demand for an overall economic czar, few if any people would have suggested Jimmy for the place. Unknown to the President, Jimmy was Barney's idea. Jimmy is his protege.

Most of the maneuvering was done through Harry Hopkins whom Barney set out to cultivate a long time ago. Notwithstanding that Harry's heart has always bled for the underdog, his long ambition has been to associate with money in the New York hot spots, at Palm Beach, the exclusive Long

(Continued on page 522)

The Financial Situation

(Continued from first page)

the many essays of the Administration on the subject during the past year or two must have long ago remedied the failure. It has been obvious for a long while past that carefully laid plans to deal with these problems should be formulated well in advance of D-day. This self-evident truth, too, various Administration adherents have been reiterating times without number for years past. No one has risen to dispute it.

Demobilization In Its Setting

Neither can there be a great deal of disagreement about some of the features of the demobilization plans revealed by the President in his address and in the report on the subject which he later made public. There is none the less a great deal in the proposals either expressed or implied which can scarcely fail to cause uneasiness in the minds of all thoughtful citizens. Demobilization is, of course, but one of the many closely related problems of reconversion to peacetime. The best laid schemes for dealing fairly or even liberally with men returning from war must fail miserably to achieve the basic purposes for which they are intended if there is lack of wisdom in dealing with the other problems which must arise at the same time. This fact appears generally to be understood by the Administration, but its notions of the way in which these broader questions of economic policy should be dealt with leave a great deal to be desired. Its failure to understand the principles by which it should be guided in these matters sticks out like a sore thumb at points in the plans for demobilization.

The Administration would provide liberal mustering out benefits of one sort or another, including not only cash but educational and training opportunities as well as "insurance" protection against certain ordinary economic hazards. These things have value. Some of them are doubtless warranted. The returning soldier and sailor will doubtless be glad to have them, but the members of the armed forces will, if they are wise, be even more interested in the opportunities which the economic system is to be permitted to provide them. The extent to which the free enterprise system will be able to function as only it can do, will, of course, depend upon many broad policies adopted by government. There are many things that government could do, and unfortunately this Administration is inclined to do, which would hurt the returning soldier and sailor much more than all the plans the Administration announces would help him.

Excessive Generosity Harmful

For one thing, the very bountifulness of the aid that is being planned could itself turn out to be more of a hindrance than a help. The Federal Government will inevitably end this war in debt beyond the imagination of living man only a few years ago. Its ability to obtain funds will be severely curtailed by the very cessation of war activity, and it will in all probability be faced by a very heavy demand for payment of war savings bonds which it has been selling every where under great pressure during hostilities. The banks of the country will be grievously overloaded with Treasury deficits. There will without question be reason to be concerned about questions that have to do with money, credit and banking. Nothing is more disturbing to the normal course of business activity than such uncertainty. The enormous costs of the President's demobilization plans could very easily by aggravating this situation be a serious impediment to the absorption of the returning soldiers and sailors into the economic system—and only such absorption can offer them any assurance of permanent well-being. We must be generous to these men, but there must be reason in all things if the economic system is to survive.

There are a good many other things which the Government should do now if it wishes to be a real friend to the returning soldier. For one thing it should be certain that it is not bleeding business of funds it must have in order to return promptly and vigorously to peacetime operations. It should be arranging to make certain that settlements of incompleted war contracts do not tie industry up for months as it may well do if care is not taken to prevent it. Then there is the enormous volume of Government owned plants which could easily be used to delay return to peacetime pursuits, and even to undermine free enterprise for a long period of time.

Vigorous Free Enterprise

But about such subjects the President maintains a complete silence. Not only that, but the President's own planning board which prepared his demobilization plans is on record as demanding many lines of action which could not possibly fail to have the effect of injuring the ability of the economic system to absorb the returning fighters and to convert them into producers of the things they and all the rest of us must have if we are to enjoy our accustomed standard of living. Consummation of the plans that have been announced in Washington and sent on to Congress with the apparent blessing of the President could not fail to undermine and, if persisted in long enough, destroy the free enterprise system which most of the men in the armed forces are looking forward to rejoining after the war. No amount of "benefits" of the sort that the President mentions could possibly compensate the soldier or the sailor for loss of such things as these.

The vital question is: has the war experience with production problems taught the Administration and its "bright boys" anything at all about how the private enterprise system works, or converted them to any realistic conviction that it ought to be permitted to continue? Certainly the President's address does nothing to reassure the doubter on this point, and certainly the elaborate plan later made public does not despite lip service of the familiar sort to the American system.

It is most earnestly to be hoped that the President's address failed of its apparent purpose.

Hard Sense About Post-War Employment

"The first necessary step to post-war jobs is to make it possible for industry to accumulate sufficient funds to reconvert, as the President forecast last week, 'from a war economy to peacetime operation.' The earnings which industry should set aside to pay for this reconversion and for the resumption of peacetime operations are being taxed away or renegotiated away from private industry almost as fast as they are earned. Unless industry can first bring together the money which must be employed, it cannot bring together the men who want employment. This should be plain beyond dispute.

"Further, if industry, which has not been permitted to accumulate sufficient post-war reserves, is told to go to the capital markets for its needs, the same necessity appears in another form. Capital is reluctant. It is not the reluctance of a few plutocrats, but the reluctance of an investing public of millions of ordinary citizens.

"A recent report shows that for 1942 the total number of stockholders in the United States was almost 10,000,000. They don't think of their money as capital but as their lifetime savings, and they won't risk it with taxes mopping up earnings and when they don't know what is going to be done to the currency or the public debt.

"Further, in view of the growth of the monopolistic practices among labor, there is need for the Congress to change the economic climate by establishing a fair labor policy for the nation. The public has already indicated a growing recognition that monopoly is against the public interest when labor practices it, just as much as when capital does it."—Frederick C. Crawford, President of the NAM.

We must not only **plan now**, but **act now** if the post-war interests of us all are to be properly served.

The State Of Trade

Reports continue good from most industrial sections, with electric power production reaching a new peak. Retail trade activity continues to show substantial gains over last year's figures.

Electric production last week totaled 4,196,357,000 kilowatt hours to establish another new peak, topping the previous week's record of 4,184,143,000 kilowatt hours.

Demands of war industries, and particularly of aluminum and magnesium plants, in the first half of the year have boosted power requirements constantly upward.

Output for the week ended July 24 was 15.7% above that for the comparable week of 1942, slightly smaller than had been registered in recent weeks.

The Pacific Coast, consistently the leader in year to year increase in demand, ran 20.6% ahead of last year.

Carloadings of revenue freight for the week ended July 24 totaled 883,826 cars, according to the Association of American Railroads. This was an increase of 6,496 cars from the preceding week this year, 28,311 more cars than the corresponding week in 1942 and 13,738 cars below the like period two years ago.

This total was 124.61% of average loadings for the corresponding week of the 10 preceding years.

Steel operations this week are scheduled at 98.3% of capacity compared with 98% in the previous week, an increase of 0.3%, according to the American Iron & Steel Institute. A month ago the mills operated at 96.6% of capacity.

The current schedule is equivalent to output of 1,702,200 net tons of ingots and castings, compared with 1,697,000 the previous week; 1,672,000 a month ago and 1,639,200 a year ago.

Slower buying of steel over the next few weeks is expected by the magazine "Steel," according to its current issue.

"The sudden turn of events in Italy has injected an element of uncertainty which may retard freezing of plans for the immediate future and possibly result in shifting of schedules already set up," the magazine "Steel" states.

With steelmakers booked through this year and into 1944, most plate mills are practically out of the market for the remainder of the year, but in contrast structural mills are having difficulty getting tonnage for September rolling, the weekly review stated.

As to retail trade, department store sales on a country-wide basis gained 19% for the week ended July 24 compared with the same week a year ago, according to the Federal Reserve system.

Store-sales were up 18% for the four-week period ended July 24 compared with last year.

Department store sales in New York City were 8% larger in the July 31 week than in the corresponding period of last year, according to preliminary estimate issued by the Federal Reserve Bank of New York.

In the previous week, sales of New York City department stores were 13% higher than in the comparable week a year ago.

Sales of apparel stores in the United States during the first half of 1943 totaled $2,900,000,000, new record high level, according to the latest revisions in the Department of Commerce index. After adjustments for seasonal variations, sales were at an annual rate of $6,400,000,000, almost double the 1939 rate and about 25% above the first half of 1942.

The estimated net income of Class I railroads in the United States for the first six months of 1943 was $159,614,334 higher than for the like period last year despite a sharp drop in June profits, the Association of American Railroads states.

The Association reported to the Interstate Commerce Commission a net income, after interest and rentals, of $448,800,000 during the first six months of this year, compared with $289,185,666 in the corresponding period of 1942.

However, the net income during June was only $70,900,000, compared with $77,690,545 in June, 1942, the report stated.

According to authoritative sources, this year the indications are that crop production will be down and livestock production up as compared with last year. Notwithstanding the floods, the late spring and the disturbing readjustments of wartime, the progress being made on the farm front is encouraging. With average weather during the remainder of this season, we can expect our combined crop and livestock production to be slightly larger than last year, observers state.

We need, according to the above source, to produce during these war years greater quantities of food than ever before. Farm production in 1942 was the largest on record—about 27% above both the 1935-39 average and the 1928-32 average. As great an achievement as that was, it fell short of meeting the tremendous demand for food that the war has imposed on this nation's agricultural plant.

N. Y. Savs.-Loan Ass'ns Had Record Increases

The 249 savings and loan associations in New York State showed a record increase in savings by the public during the first half of 1943, according to reports collected by the New York State League of Savings and Loan Associations. The net increase was $25,480,000, which is the highest in the history of the State. Share investments during the six months' period amounted to $89,145,000, while withdrawals totaled $63,665,000. On the basis of these reports, the League estimates that at the close of business June 30 the resources of all New York savings and loan associations had well exceeded the $500,000,000 mark.

The League's announcement made available July 25 further said:

"The bulk of the new savings funds being received is being invested in United States Government Bonds. So far this year, the savings and loan associations have purchased U. S. Treasury obligations to the extent of $20,228,000, bringing up to 19.7% the proportion of total assets represented by Cash and Government securities.

"The increase in savings, together with the volume of War Bonds and Stamps purchased through savings and loan associations—over $6,000,000 this year to date—demonstrates unmistakably that the members of these mutual thrift and home financing institutions are voluntarily cooperating with the Government's War Savings Program. Although the normal investment in mortgage loans by savings and loan associations has been curtailed because of war conditions, leaders in the business share the opinion that new savings should be encouraged, and that no limitations should be imposed. It is felt that the greatest contribution which savings and loan associations can make to the war program is on the anti-inflation front, by fostering savings and the continued buying of War Bonds."

Discipline

By WILLIAM GARFIELD LIGHTBOWNE

Inflation is but one of the problems of our developing war economy. Another may be summed up under the general heading of discipline.

Discipline is just as necessary in civilian life as in the military forces. Without military discipline an army becomes merely a mob. Without civilian discipline, a nation also becomes a mob, shorn of unity and incapable of orderly progress toward a predetermined goal.

Competition is one method of discipline. Competition restrains individual greed, keeps prices in line, and maintains a proper balance between the different parts of the economy. But wartime scarcity weakens the effects of competition and exposes the community to the full force of conflicting individual interests.

Self-interest, restrained by competition, is a potent force for social progress. But self-interest, undisciplined, can degenerate into profiteering, and is one underlying cause of inflation.

Through rationing and artificial price controls, we seek to substitute discipline based upon force for the natural discipline of competition. But, as always happens when man-made devices are substituted for natural laws, the results are uneven, unsatisfactory, and destructive of human freedom.

With the return of peace, however, and the resumption of production for civilian use, this problem may be expected to take care of itself.

A more serious phase of the problem of discipline has to do with labor. In other times, labor discipline was maintained through the fear of discharge and consequent unemployment. But when jobs are plentiful, and every man is needed for war production, the fear of discharges loses its potency as a disciplinary agency. Irresponsible strikes, absenteeism, and inordinate wage demands are but the more glaring evidences of this breakdown of labor discipline. A general slackening of efficiency and a falling off of individual output are the almost inevitable result when workmen know that they will not be discharged because their work is needed and there is no way to replace them.

The widespread unionization of labor, coupled with the virtual disappearance of unemployment, has put tremendous power in the hands of the workers—a power not balanced by any corresponding responsibility for the success or failure of an enterprise. Trade union rules and regulations today constitute a body of "law" as binding upon employers as any passed by Congress, and far more rigidly enforced, with the consequence that management has been deprived of much of its power to discipline its employees.

No true American wants to go back to the days when mass unemployment and poverty constituted a hell, the fear of which was the prime instrument for maintaining industrial discipline. And certainly no one wants to see American workers subjected to the complete domination of the State, as happened in the Fascist countries. But in the absence of discipline based upon fear, some method must be developed for giving the workers a greater sense of responsibility for the general welfare and of loyalty to their jobs.

One significant plan for achieving this result is the "incentive wage," now being used in a number of important industrial plants. The incentive wage differs from ordinary piece-work in that wages rise or fall in proportion to the total output of the entire plant or department. If total output rises 10% above an agreed norm, each man gets 10% more in his pay envelope. This gives each worker a direct personal interest in the efficiency and output of all the men in the group involved.

This plan has produced some startling results in the way of increased output and lower unit costs of production in spite of large increases in individual earnings. In some cases it has resulted in the union itself undertaking to maintain discipline and keep up the output of its members.

Any plan which will thus enlist the self-interest of the workers and their organizations on the side of efficiency and increased output is certainly worthy of serious study.

The incentive wage would seem to have two additional advantages: When increased earnings are made dependent upon increased production we avoid the inflationary effects that follow when increased earnings are accompanied by a stationary or falling production rate. And when increased production is automatically accompanied by increased wages, we maintain that balance between supply and demand which is necessary to full employment of labor and equipment.

President Hails 'First Crack In Axis' But Warns Of Hard Task Against Hitler and Tojo

Asks Post-War Plan For Service Men—Pledges New Home Front Measures On Food And Manpower

President Roosevelt told the nation on July 28 that the knocking out of Mussolini and his "gang" represents "the first crack in the Axis" but warned that to defeat Hitler and Tojo on their own home grounds "will require a far greater concentration of our national energy and our own ingenuity and our skill."

In a radio address, the President reiterated that "terms to Italy are still the same as our terms to Germany and Japan—Unconditional surrender," and promised that Mussolini and his Fascist gang "will be brought to book and punished for their crimes against humanity." Adding that "we shall not settle for less than total victory," Mr. Roosevelt asserted that the war will go on in Italy until the people realize the futility of continuing to fight in a lost cause."

After praising the Sicilian operation, the President reviewed the other phases of the global war, paying tribute to the Russian armies and saying that the initiative taken in the Pacific will not be relaxed.

As to the length of the war, the President said it depends upon the "uninterrupted continuance of the all-out effort on the fighting fronts and here at home."

With respect to the home front, which is "inexorably tied" to the fighting front, Mr. Roosevelt said that plans are now being drawn up concerning food, manpower and other domestic problems which will call for definite action by the Executive and Congressional branches of the Government.

He also urged Congress to do its duty in carrying out the assurance given to the armed forces that "the American people would not let them down when the war is won." The President said that a minimum plan for demobilizing returning soldiers ought to include mustering-out pay, unemployment insurance, liberalized hospitalization, education and trade training benefits and sufficient pensions for disabled members.

The text of the President's address follows according to the Associated Press:

"Over a year and a half ago I said to the Congress: 'The militarists in Berlin, Rome and Tokio started this war, but the massed, angered forces of common humanity will finish it.'

"That prophecy is in the process of being fulfilled. The massed, angered forces of common humanity are on the march. They are going forward—on the Russian front, in the vast Pacific area, and into Europe—converging upon their ultimate objectives, Berlin and Tokio.

"The first crack in the Axis has come. The criminal, corrupt Fascist regime in Italy is going to pieces.

"The pirate philosophy of the Fascists and Nazis cannot stand adversity. The military superiority of the United Nations—on sea and land, and in the air—has been applied in the right place and at the right time.

"Hitler refused to send sufficient help to save Mussolini. In fact, Hitler's troops in Sicily stole the Italians' motor equipment, leaving Italian soldiers so stranded that they had no choice but to surrender. Once again the Germans betrayed their Italian allies, as they had done time and time again on the Russian front and in the long retreat from Egypt, through Libya and Tripoli, to the final surrender in Tunisia.

"Mussolini came to the reluctant conclusion that the 'jig was up;' he could see the shadow of the long arm of justice.

"But he and his Fascist gang will be brought to book, and punished for their crimes against humanity.

"No criminal will be allowed to escape by the expedient of 'resignation.'

"Our terms to Italy are still the same as our terms to Germany and Japan—'unconditional surrender.'

"We will have no truck with Fascism in any way, shape or manner. We will permit no vestige of Fascism to remain.

"Eventually Italy will reconstitute herself. It will be the people of Italy who will do that, choosing their own government in accordance with the basic democratic principles of liberty and equality. In the mean time, the United Nations will not follow the pattern set by Mussolini and Hitler and the Japanese for the treatment of occupied countries—the pattern of pillage and starvation.

"We are already helping the Italian people in Sicily. With their cordial co-operation we are establishing and maintaining security and order; we are dissolving the organizations which have kept them under Fascist tyranny; we are providing them with the necessities of life until the time comes when they can fully provide for themselves.

"Indeed, the people in Sicily today are rejoicing in the fact that for the first time in years they are permitted to enjoy the fruits of their own labors. They can eat what they themselves grow instead of having it stolen from them by the Fascists and the Nazis.

"In every country conquered by the Nazis, the Fascists or the Japanese militarists the people have been reduced to the status of slaves or chattels.

"It is our determination to restore these conquered peoples to the dignity of human beings, masters of their own fate, entitled to freedom of speech, freedom of religion, freedom from want, freedom from fear.

"We have started to make good on that promise.

"I am sorry if I step on the toes of those Americans who, playing politics at home, call that kind of foreign policy 'crazy altruism' and 'starry-eyed dreaming.'

"Meanwhile, the war in Sicily and Italy goes on. It must go on, and will go on, until the Italian people realize the futility of continuing to fight in a lost cause—a cause to which the people of Italy never gave their wholehearted approval and support.

"It is a little over a year since we planned the North African campaign. It is six months since we planned the Sicilian campaign. I confess that I am of an impatient disposition, but I think that I understand, and that most people understand, the amount of time necessary to prepare for any major military or naval operation. We cannot just pick up the telephone and order a new campaign to start the next week.

"For example, behind the invasion forces of North Africa were thousands of ships and planes guarding the long, perilous sea lanes, carrying the men, the equipment and the supplies to the point of attack. And behind all these were the railroad lines and highways that carried the men and the munitions to the ports of embarkation—there were the factories and the mines and the farms that turned out the materials—there were the training camps where the men learned how to perform the strange and difficult and dangerous tasks which were to meet them on the beaches and in the deserts and the mountains.

"All this had to be repeated in the attack of Sicily. Here the factor of air attack was added—for we could use North Africa as the base for softening up the landing places and lines of defense in Sicily, and the lines of supply in Italy.

"It is interesting for us to realize that every Flying Fortress that bombed harbor installations at Naples from its base in North Africa required 1,110 gallons of gasoline for each single mission, and that this is the equal of about 375 A ration tickets—enough gas to drive your car five times across this continent. You will better understand your part in the war—and what gasoline rationing means—if you multiply this by the gasoline needs of thousands of planes and hundreds of thousands of jeeps, trucks and tanks now serving overseas.

"I think that the personal convenience of the individual or the individual family back home here in the United States will appear somewhat less-important when I tell you that the initial assault force on Sicily involved 3,000 ships which carried 160,000 men—Americans, British, Canadians and French—together with 14,000 vehicles, 600 tanks and 1,800 guns. This initial force was followed every day and every night by thousands of reinforcements.

"The meticulous care with which the operation in Sicily was planned has paid dividends. For our casualties in men, ships and material have been low—in fact, far below our estimate.

"All of us are proud of the superb skill and courage of the officers and men who have conducted and are conducting this operation. The toughest resistance developed on the front of the British 8th Army, which included the Canadians. But that is no new experience for that magnificent fighting force which has made the Germans pay a heavy price for each hour of delay in the final victory. The American 7th Army, after a stormy landing on the exposed beaches of southern Sicily, swept with record speed across the island into Palermo. For many of our troops this was their first battle experience, but they have carried themselves like veterans.

"And we must give credit for the co-ordination of the diverse forces in the field, and for the planning of the whole campaign, to the wise and skillful leadership of General Eisenhower. Admiral Cunningham, General Alexander and Air Marshal Tedder have been towers of strength in handling the complex details of naval, ground and air activities.

"You have heard some people say that the British and the Americans can never get along well together—you have heard some people say that the Army and Navy and Air Forces can never get along well together— that real co-operation between them is impossible. Tunisia and Sicily have given the lie, once and for all, to these narrow-minded prejudices.

"The dauntless fighting spirit of the British people in this war has been expressed in the historic words and deeds of Winston Churchill—and the world knows how the American people feel about him.

"Ahead of us are much bigger fights. We and our Allies will go into them as we went into Sicily—together. And we shall carry on together.

"Today our production of ships is almost unbelievable. This year we are producing over 19,000,000 tons of merchant shipping and next year our production will be over 21,000,000 tons. And in addition to our shipments across the Atlantic we must realize that in this war we are operating in the Aleutians, in the distant parts of

(Continued on page 522)

Text Of President's Summation Of 1944 Budget

President Roosevelt's statement on the summation of the 1944 Federal budget was as follows:

In line with my former practice I am issuing this budget summation describing the modifications in the program of the Federal Government resulting from intervening appropriation and revenue acts since submission of my annual budget last January. The summation presents a more accurate portrayal than was then possible of prospects for the fiscal year just started, in the light of economic developments and Congressional action.

Such a document is especially appropriate this year because my original budget of six months ago could not present detailed recommendations for war appropriations so far in advance. These recommendations have been transmitted to the Congress in the form of various supplemental estimates over recent months.

The dominating factor in the fiscal situation is, of course, war expenditures. In presenting a tentative estimate in my budget message of last January, I said: "* * * a 100-billion-dollar expenditure program does reflect a national effort of gigantic magnitude. * * * Some persons may believe that such a program is fantastic. My reply is that this program is feasible."

The 100-billion-dollar estimate for war expenditures during the fiscal year 1944, including net war outlays of Government corporations, still stands.

This huge war bill reflects the military requirements of our aggressive operations in various far-flung theatres of war. It will provide our armed forces with the crushing superiority in equipment which is needed for successful operation with a minimum sacrifice of the lives of our fighting men.

Total Federal expenditures, excluding debt retirement and trust fund disbursements, for fiscal year 1944 are estimated at $106,000,000,000; net receipts will amount to $38,000,000,000; under present legislation. The resultant deficit of $68,000,000,000 will be reduced if the Congress enacts additional revenue legislation.

These basic facts of the fiscal situation have tremendous importance for all of us, yet it is extremely difficult for an individual to obtain these summary figures from our highly complex laws and records. I hope that this statement will aid the public in understanding the many intricate factors on which they are based.

My original budget and the subsequent recommendations spelling out proposed war expenditures are combined in the three attached tabulations.

Table 1 shows my recommendations to the Congress for the fiscal year just started, and the appropriations and authorizations actually voted for the fiscal years 1942, 1943 and 1944.

Table 2 gives the expenditures and receipts for the fiscal years 1942 and 1943 (actual), and 1944 (as estimated last January and as revised in July, 1943). It also shows the effect of these financial operations on the Federal debt.

Table 3 gives a more detailed breakdown of the receipts as summarized in Table 2, reflecting changes in the tax structure.

Appropriations and Expenditures

The dollars-and-cents figures of the budget are the monetary expression of our Federal program of action. Appropriations are the legal basis for incurring obligations and for the subsequent expenditure of cash. In many cases actual cash payments are not made in the same year for which the appropriations are made and in which the obligations are incurred. This is particularly true in the case of contracts for war materials.

Thus a rather large portion of the total cash to be paid out in 1944 will be used for contracts and commitments entered into under authority of the appropriations of previous years. Similarly, appropriations for the fiscal year 1944 will be used for placing contracts now, but a substantial part of the work will be completed and paid for in future fiscal years. Hence for any specific year there are differences between appropriations, obligations and cash expenditures.

In some cases when a program such as the construction of ships must extend over a long period, the Congress utilizes so-called "contract authorizations" in lieu of immediate appropriations for the full expenditure ultimately involved. Such authorizations enable the executive departments to place contracts now, leaving the appropriation of cash for a later time, when the money will be needed to pay the bills.

War Activities: General and Special Accounts

I recommended war appropriations of $100,711,000,000 in the fiscal year 1944. Congress appropriated $97,633,000,000 and approved $2,000,000,000 of contract authorizations in lieu of recommended appropriations. The net result is a reduction of $1,078,000,000.

This reduction is distributed as follows: War Department, $390,000,000; emergency war agencies, $387,000,000; Lend-Lease Administration, $150,000,000; War Shipping Administration, $100,000,000; and Navy Department, $51,000,000. Congressional action on recommendations for other than war purposes is discussed in a later section.

Government Corporations

The war activities of government corporations consist mainly of: (1) financing war plant facilities, (2) purchasing critical materials, (3) facilitating production of essential commodities by incurring losses in purchase and sale operations, or by payment of subsidies, and (4) miscellaneous operations.

Since July, 1940, these war corporations have made war commitments of $19,904,000,000; disbursements, less cash receipts, are $5,584,000,000. In the fiscal year just completed, net outlays for war purposes were $2,976,000,000; during the fiscal year 1944 they are estimated at $3,000,000,000.

As the war program develops, as the plants for which advances were made are amortized or disposed of, and as stockpiles are liquidated, government corporations are reimbursed. Hence, for the war period as a whole, receipts will offset a considerable portion of outlays.

Total War Expenditures

War expenditures, including net outlays of Government corporations, amounted to $75,000,000,000 for the fiscal year 1943, in comparison with the January estimate of $77,000,000,000. Expenditures were therefore 2.9% below estimates, primarily because costs of production for many munitions declined more than anticipated.

War production has moved from the experimental and pilot stage into mass production and has benefited from technological improvements. Considerable success has been achieved in translating these reductions in cost of production into actual reduction of contract prices.

The $100,000,000,000 expenditure estimate for the fiscal year 1944 is based on present legislation, particularly legislation which establishes the pay and allowances of members of the armed forces, and which deals with prices and wages. It is assumed that the reduction in production costs will level off, but that no general increase in prices will occur.

If we should fail in our effort to stabilize the cost of living, or if a substantial general increase in wage rates should take place, war expenditures would, of course, exceed the present estimate. Total war expenditures for the fiscal years 1943 and 1944 are subdivided in the following table:

Items	Estimated (billions) 1944 Fiscal	Actual 1943 Fiscal
Munitions and construction	$72	$56
Other, including military pay, subsistance, travel and agricultural lend-lease	28	19
Total	$100	$75

Monthly war expenditures in June, 1943, had risen to $7,700,000,000, the equivalent of an annual rate of over $90,000,000,000.

The total war program, measured by appropriations, contract authorizations, and Government corporation commitments voted since July, 1940, amounts to $330,000,000,000. In addition, construction authorized in terms of tonnage for increase and replacement of naval vessels will, it is estimated, require appropriations of another $14,000,000,000.

Of the $330,000,000,000, $232,000,000,000 were appropriated for the 3-year period ending last month, during which $212,000,000,000 have been obligated and most of the remainder has been earmarked for completion of programs already under way. Only $110,000,000,000 have, however, been actually spent as of June 30, 1943.

Congress has further appropriated $98,000,000,000 for the fiscal year 1944, practically all of which will be obligated or committed by the end of the year, even though much of it will be actually unspent at that time.

The spread between appropriations and obligations on the one hand and between obligations and cash expenditures on the other, reflects the necessity for the Government and for contractors to plan production many months ahead.

Appropriations and Expenditures for Other Than Direct War Purposes

The largest single item of appropriation and expenditure for other than direct war purposes is interest on the public debt, which has risen rapidly because of heavy war expenditures. Interest is estimated at $2,700,000,000 in the fiscal year 1944, as compared with $1,808,000,000 for the preceding fiscal year.

We are now financing at an average interest cost on new money of less than 2%; since personal and corporate income from all new issues is fully taxable, the net cost is even lower.

For all remaining activities of the Federal Government in the general and special accounts, my original and supplemental appropriations for the year just started amounted to $4,745,000,000, as compared with appropriations by the Congress of $4,630,000,000.

The Congress decided to discontinue immediately or in the near future the following agencies or activities: the National Resources Planning Board, the Crop Insurance Program, the Home Owners' Loan Corporation, and the Bituminous Coal Division in the Department of the Interior.

The Secretary of Agriculture has not been authorized to make commitments for parity payments on future crops or to make incentive payments to increase agricultural production. The program of the Farm Security Administration has been curtailed.

On the other hand, the Congress appropriated more than I recommended for some items, such as forest protection, research in steel resources, reclamation, and flood relief and flood control.

Expenditures from the general and special accounts for activities other than war, interest on the debt, and statutory debt retirement, it is estimated, will amount to $4,336,000,000 in fiscal year 1944, which will be slightly above the prior year's expenditures, and 15% less than in the fiscal year 1942.

The most important increases over the fiscal year 1943 are for veterans' pensions and benefits, retirement funds, and refunds. Refunds alone are now estimated at $282,000,000 above the fiscal year 1943; of this increase, $233,000,000 of rise between January and present estimates is attributable mainly to adjustments for overpayment of income taxes under Current Tax Payment Act.

Summary of Expenditures

The following tabulation, derived from Table 2, summarizes aggregate Federal expenditures from general and special accounts and by Government corporations in the fiscal year 1943, and for the fiscal year 1944, as estimated last January and as now revised:

EXPENDITURES
EXCLUDING DEBT RETIREMENT AND TRUST FUNDS

Classification—	Fiscal 1944 Revised Estimates	Fiscal 1944 January Estimates (millions)	Fiscal 1943 Actual
War Activities:			
General and special accounts	$97,000	$97,000	$72,109
Government corporations (net of receipts)	3,000	2,693	2,976
Interest on the public debt	2,700	3,000	1,808
Other activities:			
General and special accounts	†4,336	4,124	4,262
Government corporations (net of receipts)	*1,167	309	*1,470
Total expenditures	$105,869	$107,126	$79,685

*Excess of receipts over expenditures. †Includes $361,000,000 of refunds primarily attributable to the Current Tax Payment Act which had not been enacted in January.

To determine Federal cash payments to the public, it is necessary to add to the above expenditures trust fund disbursements to the public, and to subtract major intragovernmental transactions, such as interest payments by the Treasury to trust funds, and the accrual of interest on savings bonds.

When these adjustments are made, total cash payments to the public in the fiscal year 1943 amount to $79,317,000,000, and are estimated at $105,397,000,000 for the fiscal year 1944.

Receipts and Debts

Receipts: General and Special Accounts

Actual net receipts amounted to $22,072,000,000 in the fiscal year 1943. They were estimated for the fiscal year 1944 at $33,081,000,000 last January, and are estimated at $38,148,000,000 at this time.

The increase in the January estimate over the previous fiscal year was attributable to the Revenue Act of 1942 and to greater business activity and higher incomes than anticipated.

The further increase of $5,067,000,000 between the January and July estimates arises primarily because of larger collection of direct taxes from individuals under the Current Tax Payment Act of 1943. This Act advances the date of payment of individual income tax on rising incomes and requires partial payment of the uncanceled portion of the 1942 tax.

At the time of passage of this Act it was estimated that collections for the fiscal year 1944 would be increased by approximately $3,000,000,000 after refunds for overpayment.

A nonrecurrent increase of importance in these collections is accounted for by the regulations issued under authority of the recently enacted Current Tax Payment Act, requiring monthly rather than quarterly payments into the Treasury of amounts withheld by employers. Hence, the anticipated lag in payments for the fiscal year 1944 will amount to only one month instead of a quarter of a year.

Direct taxes on corporations in the fiscal year 1944, including the post-war credits, are estimated $835,000,000 lower than in January. Underlying this change is a reduction in the anticipated yield of the excess profits tax, offset partially by an increase in revenue from corporate normal tax and surtax.

Factors accounting for this change include relief provisions of the excess profits tax in the 1942 Revenue Act, the renegotiation of war contracts, and changes in the outlook for corporate profits.

Larger estimates of miscellaneous receipts are due to refunds arising from renegotiation of war contracts; these refunds are now expected to be higher than was estimated in the original budget.

Total receipts of general and special accounts are expected to amount to $40,350,000,000 in the fiscal year 1944. This figure includes the amount appropriated to the old-age and survivors' insurance trust fund, and post-war credits for excess profits tax and victory tax. Both of these are currently collected but represent claims against the Federal Government which are deducted to arrive at net receipts.

The foregoing discussion has been based entirely on receipts of general and special accounts. To calculate total receipts from the public it is necessary to include receipts of trust accounts and to exclude transfers such as appropriations to trust accounts.

On this basis total Federal receipts from the public were $25,274,000,000 in the fiscal year 1943, and are estimated at $41,898,000,000 for the fiscal year 1944.

Public Debt

The direct public debt, excluding obligations of Government corporations, amounted to $137,000,000,000 on June 30, 1943. Unless additional tax legislation is enacted, the debt will increase $69,000,000,000 in fiscal 1944, bringing the public debt to $206,000,000,000 by June 30, 1944. Changes in the cash working balance may alter total debt a year hence.

The increase in the direct Federal debt does not only reflect borrowing from the public. Government trust funds, especially the social security trust funds, are accumulating a temporary surplus in periods of high employment and low disbursements, which is invested in Government bonds.

The surplus reflects claims of beneficiaries against the trust funds and is, of course, a liability of the Government even though such investments in Government bonds reduce the need for borrowing from the public during the war period.

The increase in the Federal debt includes the obligations issued in lieu of debt retired by Government corporations. These operations reduce the contingent debt and correspondingly increase the direct debt. They represent refinancing rather than new financing.

Borrowing from individuals and institutions amounted to $61,000,000,000 during the fiscal year 1943; it will amount to $63,000,000,000 in the fiscal year 1944 unless additional revenue legislation is enacted. Both amounts include that portion of post-war credits against excess profits and victory tax payments which will be claimed after the war.

The Economic Impact

Governmental spending of over $100,000,000,000 a year has major repercussions on the economy. The amounts spent become incomes of corporations and individuals.

If expenditures are financed either by taxing or by borrowing active funds, the volume of spendable funds in the hands of consumers will not increase. If, however, expenditures are financed by borrowing from banks or by borrowing idle funds, the spendable income in the hands of consumers will increase greatly.

Individuals are expected to receive incomes approaching $150,000,000,000 during fiscal year 1944, over twice the income payments to individuals in fiscal year 1940. Such a huge rise creates a tremendous increase in demand for goods and services.

A considerable portion of this enlarged income and demand for goods results from full employment of many millions of workers who were formerly either unemployed or underemployed, or were not seeking employment in the years before the defense and war effort. Such persons now have money to buy more necessities and even luxuries.

The Government directly or indirectly is employing more than one-half of the total labor force either in military service or in war production. In view of this fact, sooner or later a drastic reduction in the supply of goods and in the services available for civilian consumption was bound to result.

These facts did not make themselves felt during the earlier phases of the defense and war effort because our economy was running far below its capacity. Industrial production (measured by the Federal Reserve index of production) increased by 68% from fiscal 1940 to fiscal 1943. Thus we were able to increase war production and civilian production at the same time.

In recent months the index of production has not increased substantially, which indicates that we are approaching the capacity of production with our available manpower.

I do believe, however, that a further increase in production is possible if Government, management and labor constructively tackle the problems of the most effective use of our resources. This should be our objective since we shall feel the full impact of the curtailment in less essential civilian supplies as our large cushion of inventories disappears.

We must recognize clearly that war expenditures are creating an increase in the demand for civilian goods while the supply of these very goods is decreasing. Many of us must reduce our accustomed standard of living during wartime because of the absorption of a large portion of our labor force and labor reserve for war service.

A reduced standard of living is due to the titanic war effort and not, as some people believe, to taxes, rationing and other governmental controls. These controls are necessary to achieve maximum war production, to assure equitable distribution of the available civilian supplies, and to prevent economic collapse after the war has been won.

We all know that it takes some time to organize a war economy in the most effective manner. We know, too, that controls and regulations imply many inconveniences which we constantly try to reduce. Curtailments and inconveniences cannot be avoided if we are to help win the war with a minimum of sacrifice in human life.

Nobody wants to jeopardize victory or cause avoidable loss of life by waging war with an insufficient number of troops, with poorly trained troops, or with less than the best equipment we can produce.

I recommended in my budget message last January a truly stiff program of additional taxes, savings, or both. I continue to support that program. The cost of living cannot be stabilized unless price and wage controls are supported by a further substantial absorption of purchasing power as a deterrent to bidding up prices and resorting to the black market.

The alternative to stabilization is inflation, and inflation is the most inequitable way of distributing the necessary wartime curtailments. Inflation shifts the full burden to the shoulders of the people in the weakest bargaining position, the people whose incomes do not rise with increasing prices. Inflation also reduces production by creating unrest and friction.

A war program involving $100,000,000,000 of expenditures during the next twelve months is, I repeat, a gigantic national effort for victory. That expenditure program must be backed up by a revenue program of sufficient size to make sure that we do not disrupt our home front and that we do prepare the way for an orderly transition to a future peace economy.

Following is a comparative statement of receipts and expenditures, based on present and January estimates for the fiscal year 1944, together with actual figures for the fiscal year 1943, as outlined in President Roosevelt's budget summation:

Following is a comparative statement of receipts and expenditures, based on present and January estimates for the fiscal year 1944, together with actual figures for the fiscal year 1943, as outlined in President Roosevelt's budget summation:

Classification: General and Special Accounts Receipts:	Revised 1944 Estimates July, 1943	Budget 1944 Estimates January, 1943	1943 Actual
Direct Taxes on Individuals	$18,795,000,000	$13,750,600,000	$7,077,427,667
Direct Taxes on Corporations	14,080,400,000	14,915,000,000	9,995,930,353
Excise Taxes	4,021,380,000	3,915,380,000	3,796,648,587
Employment Taxes	2,105,000,000	1,982,200,000	1,507,919,214
Customs	333,700,000	204,300,000	324,290,778
Miscellaneous Receipts	1,014,215,000	639,215,000	906,117,131
Adjustment to Daily Treasury Statement Basis	------	------	—223,688,228
Total Receipts	40,349,695,000	35,406,695,000	23,384,645,502
Deduct:			
Net appropriation for Federal Old Age and Survivors Insurance Trust Fund	1,631,750,000	1,525,450,000	1,103,002,793
Post-War Credits for Excess-Profits Tax and Victory Tax	570,000,000	800,000,000	210,000,000
Net Receipts	38,147,945,000	33,081,245,000	22,071,642,709
Expenditures:			
War Activities*	97,000,000,000	97,000,000,000	72,108,862,204
Interest on the Public Debt	2,700,000,000	3,000,000,000	1,808,160,396
Other Activities:			
Legislative Establishment	28,305,600	27,455,600	26,694,654
The Judiciary	12,100,500	12,663,500	12,020,160
Executive Office of the President	2,239,200	3,049,190	2,572,749
Civil Departments and Agencies	1,300,120,100	1,230,373,033	1,339,279,966
Post Office Deficiency	------	------	8,611,843
District of Columbia—United States Share	6,000,000	6,000,000	6,000,000
Veterans' Pensions and Benefits	880,725,000	879,360,000	599,742,083
Aids to Agriculture	811,490,000	889,319,000	1,037,231,190
Aids to Youth	------	------	17,914,850
Social-Security Program	471,673,000	502,705,000	496,738,263
Work Relief	21,922,000	5,436,000	313,877,432
Refunds	361,203,000	127,522,000	79,137,651
Retirement Funds	440,041,600	440,041,600	322,041,800
Statutory Public Debt Retirement	5,000,000	5,000,000	3,463,400
Total Other Activities	4,340,820,000	4,128,924,923	4,265,326,041
Total Expenditures	104,040,820,000	104,128,924,923	78,182,348,641
Excess of Expenditures, General and Special Accounts	65,892,875,000	71,047,679,923	56,110,705,932
Government Corporations and Credit Agencies Net Expenditures (from Checking Accounts):			
War Activities	3,000,000,000	2,693,000,000	2,975,711,476
Redemption of Obligations in the Market	2,894,588,000	1,772,123,000	688,141,664
Other Activities	†1,166,588,000	309,000,000	†1,470,167,674
Net Expenditures	4,728,000,000	4,774,123,000	2,193,685,466
Trust Accounts:			
Receipts	4,845,331,400	4,665,197,150	3,939,498,582
Expenditures	4,811,700,000	4,631,402,115	3,606,797,088
Excess of Receipts Over Expenditures	33,631,400	34,795,035	332,701,494
The Public Debt:			
Public Debt at Beginning of Year	136,696,090,330	134,830,142,661	72,422,445,116
Net Increase in Public Debt During Year:			
General and Special Accounts, Excess of Expenditures Over Receipts	65,932,875,000	71,047,769,923	56,110,795,932
Government Corporations and Agencies, Net Expenditures	4,728,000,000	4,774,123,000	2,193,685,932
Trust Accounts, Excess of Receipts Over Expenditures	—33,631,400	—34,795,503	—332,701,494
Post-War Credits for Excess-Profits Tax and Victory Tax	—570,000,000	—800,000,000	—210,000,000
Statutory Public Debt Retirement	—5,000,000	—5,000,000	—3,463,400
Change in Treasury Balance	—708,333,930	—63,000,000	6,515,418,710
Net Increase in Public Debt	69,303,909,670	74,919,007,888	64,273,645,214
Public Debt at End of Year	$206,000,000,000	$209,749,150,549	$136,696,090,330

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*Expenditures from Lend Lease (Defense Aid) Appropriation Included.

†Excess of Receipts Over Expenditures.

President Revises $100 Billion War Budget; Renews Demand for More 'Taxes, Savs., or Both'

The President's budget summation revealed that the huge war budget estimates for the 1944 fiscal year in the light of economic developments and Congressional action.

President Roosevelt issued on July 31 a revision of his January bill for the fiscal year which started July 1 remains unchanged from January estimates of $100,000,000,000. Total expenditures, including operations not directly connected with the war, were predicted at nearly $106,000,000,000. Net receipts were estimated at $38,000,000,000, an increase of about $5,000,000,000 from the January estimate, attributable primarily to larger individual income taxes resulting from the pay-as-you-go tax bill.

The President's statement said that the resulting $68,000,000,000 deficit will, unless Congress enacts additional tax legislation, bring the public debt to $206,000,000,000 by the end of the 1944 fiscal year.

In his summation, Mr. Roosevelt recommended anew "a truly stiff program of additional taxes, savings, or both."

The most notable revision from his January figures was a reduction of $6,000,000,000 in estimated total expenditures for the War Department in fiscal 1944 and an increase of $4,000,000,000 for the Navy Department. The Army figure was reduced from $62,000,000,000 to $56,000,000,000, while the Navy total was upped to $28,000,000,000. The remaining $2,000,000,000 will be taken up by other war agencies, leaving total 1944 war activities at $97,000,000,000.

To the $97,000,000,000 thus estimated for specific war accounts was added $3,000,000,000 as net operating costs of war activities of Government corporations, such as Defense Plant Corporation, Defense Supplies Corporation, Metals Reserve Company and others. The similar net costs last year exceeded $2,975,000,000.

"This huge ($100,000,000,000) bill," said Mr. Roosevelt in a statement accompanying the summation, "reflects the military requirements of our aggressive operations in various far-flung theatres of war. It will provide our armed forces with the crushing superiority in equipment which is needed for successful operation with a minimum sacrifice of the lives of our fighting men."

Contrasting this year's $100,000,000,000 war bill with the $75,000,000,000 actually spent for war in the last fiscal year, Mr. Roosevelt said the latter figure was 2.9% below estimates "primarily because costs of production for many munitions declined more than anticipated."

He added, however, that "it is assumed that the reduction in production costs will level off, but that no general increase in prices will occur."

But, the President declared, "if we should fail in our effort to stabilize the cost of living, or if a substantial general increase in wage rates should take place, war expenditures would, of course, exceed the present estimate."

In referring again to the need for "holding the line," Mr. Roosevelt asserted, in discussing revenue needs:

"The cost of living cannot be stabilized unless price and wage controls are supported by a further substantial absorption of purchasing power as a deterrent to bidding up prices and resorting to black market. The alternative to stabilization is inflation, and inflation is the most inequitable way of distributing the necessary wartime curtailments. Inflation shifts the full burden to the shoulders of the people in the weakest bargaining position, the people whose incomes do not rise with increasing prices. Inflation also reduces production by creating unrest and friction.

"The war program involving $100,000,000,000 of expenditure during the next 12 months is, I repeat, a gigantic national effort for victory. That expenditure program must be backed up by a revenue program of sufficient size to make sure that we do not disrupt our home front and that we do prepare the way for an orderly transition to a future peace economy."

Uruguay Renews Diplomatic Relations With Russia

An agreement renewing diplomatic relations between Uruguay and Russia was reported signed in Montevido on July 28 by the President and members of the Cabinet. Uruguay severed relations with Russia in December, 1935, after it was alleged that the Soviet legation in Montevideo was the center of communistic activity in South America; this was reported in our issue of Dec. 28, 1935, page 4089.

President Says Rome Raid Was Necessary

President Roosevelt said on July 23 that the bombing of Rome was justified because it was of military necessity to save the lives of Allied soldiers.

The President told his press conference that he was still hopeful that Rome would be made an open city.

In reporting his remarks, an Associated Press Washington despatch said:

"The Chief Executive offered no assurance that the swelling air might of the Allies would not again return to Rome; to the contrary, he declared that the more the Allies could keep military traffic from operating between Rome and the south the better it would be for the Allies.

"He told his press-radio conference that the Allies for more than a year had sought without success to have the Italian Fascist leaders declare Rome an open city, a move which would free it from attack, and added that he still hoped it would be so made.

"An open city is one which contains no troops, defenses, military installations, military factories, or transportation facilities utilized for the movement of military supplies or personnel.

"Mr. Roosevelt described Rome as an important marshaling yards for the transport of troops and guns to southern Italy.

"The bombing, he said, was to protect American and British lives. He termed it very successful, and said he would not go into the quid pro quo of the question, meaning retaliation for similar raids on Allied cities on the ground that he believed that was not the essential thing.

"At the same time, however, he said that the Germans had destroyed about 4,000 churches, hospitals and libraries in Britain, and commented that there was no compunction there. He reiterated then that it was not a question of retaliation in bombing Rome.

"He declined to comment on the letter of Pope Pius XII to his vicar general in Rome deploring the bombing. He said he had received no communication from the Pope."

June Lend-Lease Aid Passes $1 Billion Mark

Edward R. Stettinius, Jr., Lend-Lease Administrator, announced on July 20 that Lend-Lease aid rendered during the month of June totaled $1,030,000,000. This is the first time since the enactment of the Lend-Lease Act that aid rendered has exceeded $1,000,000,000 in a single month. Lend-Lease aid in June brings the aggregate value of aid to date to $12,923,000,000.

The June total compares with $790,000,000 in May and $548,000,000 in June, 1942. It is indicated that of the aid rendered during June, munitions transfers totaled $570,000,000, industrial items $237,000,000, foodstuffs $147,000,000 and services $76,000,000.

Nomination Of Allred Returned To President

The nomination of former Governor James V. Allred of Texas as a Judge of the United States Court of Appeals for the Fifth Circuit, which the Senate refused to confirm was returned to the White House under a rule which makes unconfirmed appointments automatically expire when Congress recesses for more than 30 days; this was made known July 22. Congress adjourned on July 8 until Sept. 14. President Roosevelt had sent the name of Mr. Allred to the Senate on Feb. 18.

President Hails 'First Crack In Axis' But Warns Of Hard Task Against Hitler and Tojo

(Continued from page 519)

the Southwest Pacific, in India and off the shores of South America.

"For several months we have been losing fewer ships by sinkings, and we have been destroying more and more U-boats. We hope this will continue. But we cannot be sure. We must not lower our guard for one single instant.

"One tangible result of our great increase in merchant shipping—which will be good news to civilians at home—is that tonight we are able to terminate the rationing of coffee. We also expect that within a short time we shall get greatly increased allowances of sugar.

"Those few Americans who grouse and complain about the inconveniences of life here in the United States should learn some lessons from the civilian populations of our allies—Britain, China, Russia—and of all the lands occupied by our common enemies.

"The heaviest and most decisive fighting today is going on in Russia. I am glad that the British and we have been able to contribute somewhat to the striking power of the Russian armies.

"In 1941-'42 the Russians were able to retire without breaking, to move many of their war plants from western Russian far into the interior, to stand together with complete unanimity in the defense of their homeland.

"The success of the Russian armies has shown that it is dangerous to make prophecies about them—a fact forcibly brought home to that mystic master of strategic intuition, Herr Hitler.

"The short-lived German offensive, launched early this month, was a desparate attempt to bolster the morale of the German people. The Russians were not fooled by this. They went ahead with their own plans for attack—plans which co-ordinate with the whole United Nations' offensive strategy.

"The world has never seen greater devotion, determination and self-secrifice than have been displayed by the Russian people and their armies, under the leadership of Marshal Joseph Stalin.

"With a nation which, in saving itself, is thereby helping to save all the world from the Nazi menace, this country should always be glad to be a good neighbor and a sincere friend in the world of the future.

"In the Pacific we are pushing the Japs around from the Aleutians to New Guinea. There, too, we have taken the initiative—and we are not going to let go of it.

"It becomes clearer and clearer that the attrition, the whittling down process against the Japanese is working. The Japs have lost more planes and more ships than they have been able to replace.

"The continuous and energetic prosecution of the war of attrition will drive the Japs back from their overextended line running from Burma and Siam and the Straits Settlement through the Netherlands Indies to eastern New Guinea and the Solomons. We have good reason to believe that their shipping and their air power cannot support such outposts.

"Our naval, land and air strength in the Pacific is constantly growing. If the Japanese are basing their future plans for the Pacific on a long period in which they will be permitted to consolidate and exploit their conquered resources, they had better start revising their plans now. I give that to them merely as a helpful suggestion.

"We are delivering planes and vital war supplies for the heroic armies of Generalissimo Chiang Kai-shek, and we must do more at all costs.

"Our air supply line from India to China across enemy territory continues despite attempted Japanese interference. We have seized the initiative from the Japanese in the air over Burma and now enjoy superiority. We are bombing Japanese communications, supply dumps, and bases in China, Indo-China and Burma.

"But, we are still far from our main objectives in the war against Japan. Let us remember how far we were, a year ago, from any of our objectives in the European theater. We are pushing forward to occupation of positions which in time will enable us to attack the Japanese islands themselves from the north, from the south, from the east, and from the west.

"You have heard it said that while we are succeeding greatly on the fighting front, we are failing miserably on the home front. This is another of those immaturities—a false slogan easy to state but untrue in the essential facts.

"For, the longer this war goes on the clearer it becomes that no one can draw a blue pencil down the middle of a page and call one side 'the fighting front' and the other side 'the home front.' The two of them are inexorably tied together.

"Every combat division, every naval task force, every squadron of fighting planes is dependent for its equipment and ammunition and fuel and food, as indeed it is for its man power, on the American people in civilian clothes in the offices and in the factories and on the farms at home.

"The same kind of careful planning that gained victory in North Africa and Sicily is required if we are to make victory an enduring reality and do our share in building the kind of peaceful world which will justify the sacrifices made in this war.

"The United Nations are substantially agreed on the general objectives for the post-war world. They are also agreed that this is not the time to engage in an international discussion of all the terms of peace and all the details of the future. We must not relax our pressure on the enemy by taking time out to define every boundary and settle every political controversy in every part of the world. The all-important thing now is to get on with the war—and to win it.

"While concentrating on military victory, we are not neglecting the planning of the things to come, the freedoms which we know will make for more decency and greater justice throughout the world.

"Among many other things, we are, today, laying plans for the return to civilian life of our gallant men and women in the armed services. They must not be demobilized into an environment of inflation and unemployment, to a place on a bread line or on a corner selling apples. We must, this time, have plans ready—instead of waiting to do a hasty, inefficient, and ill-considered job at the last moment.

"I have assured our men in the armed forces that the American people would not let them down when the war is won.

"I hope that the Congress will help in carrying out this assurance, for obviously the executive branch of the government cannot do it alone. May the Congress do its duty in this regard. The American people will insist on fulfilling this American obligation to the men and women in the armed forces who are winning this war for us.

"Of course, the returning soldier and sailor and marine are a part of the problem of demobilizing the rest of the millions of Americans who have been working and living in a war economy since 1941. That larger objective of reconverting war-time America to a peace-time basis is one for which your government is laying plans to be submitted to the Congress for action.

"But the members of the armed forces have been compelled to make greater economic sacrifice and every other kind of sacrifice than the rest of us and are entitled to define action to help take care of their special problems.

"The least to which they are entitled, it seems to me, is something like this:

"1. Mustering-out pay to every member of the armed forces and merchant marine when he or she is honorably discharged, large enough in each case to cover a reasonable period of time between his discharge and the finding of a new job.

"2. In case no job is found after diligent search, then unemployment insurance if the individual registers with the United States Employment Service.

"3. An opportunity for members of the armed services to get further education or trade training at the cost of their government.

"4. Allowance of credit to all members of the armed forces, under unemployment compensation and Federal old-age and survivors' insurance, for their period of service. For these purposes they should be treated as if they had continued their employment in private industry.

"5. Improved and liberalized provisions for hospitalization, rehabilitation and medical care of disabled members of the armed forces and merchant marine.

"6. Sufficient pensions for disabled members of the armed forces.

"Your government is drawing up other serious, constructive plans for certain immediate forward moves. They concern food, man power and other domestic problems, but they tie in with our armed forces. Within a few weeks I shall speak with you again in regard to definite actions to be taken by the executive branch of the government and specific recommendations for new legislation by the Congress.

"All our calculations for the future, however, must be based on clear understanding of the problems involved. And that can be gained only by straight thinking —not guess work or political manipulation.

"I confess that I myself am sometimes bewildered by conflicting statements that I see in the press. One day I read an 'authoritative' statement that we shall win the war this year, 1943, and the next day comes another statement, equally 'authoritative,' that the war will still be going on in 1949.

"Of course, both extremes—of optimism and pessimism — are wrong.

"The length of the war will depend upon the uninterrupted continuance of all-out effort on the fighting fronts and here at home. The effort is all one.

"The American soldier does not like the necessity of waging war. And yet—if he lays off for one single instant he may lose his own life and sacrifice the lives of his comrades.

"By the same token—a worker here at home may not like the driving, war-time conditions under which he has to work or live. And yet—if he gets complacent or indifferent and slacks on his job he, too, may sacrifice the lives of American soldiers and contribute to the loss of an important battle.

"The next time any one says to you that this war is 'in the bag' and 'it's all over but the shouting,' you should ask him these questions:

"'Are you working full time on your job?'

"'Are you growing all the food you can?'

"'Are you buying your limit of war bonds?'

"'Are you loyally, cheerfully co-operating with your government in preventing inflation and profiteering and in making rationing work with fairness to all?'

"'Because—if your answer is "No"—then the war is going to last a lot longer than you think.'

"The plans we made for the knocking out of Mussolini and his gang have largely succeeded. But we still have to knock out Hitler and his gang and Tojo and his gang. No one of us pretends that this will be an easy matter.

"We still have to defeat Hitler and Tojo on their own home grounds. But this will require a far greater concentration of our national energy and our ingenuity and our skill. It is not too much to say that we must pour into this war the entire strength and intelligence and will power of the United States. We are a great nation—a rich nation—but we are not so great or so rich that we can afford to waste our substance or the lives of our men by relaxing along the way.

"We shall not settle for less than total victory. That is the determination of every American on the fighting fronts. That must be, and will be, the determination of every American here at home."

From Washington

(Continued from first page)

Island clubs. He has never sought to disguise the fact that bleeding for the underdog under the auspices of the New Deal has been a tremendous vehicle for him. Had it not been for this vehicle he would never have met the British King and Queen and above all, Joe Stalin.

Barney's great financial success is in no small degree attributable to his knowledge of human nature. Once he was importuning Mr. Roosevelt to take Hugh Johnson back into the Government and the President pointed out that Hugh was one of his worst critics. Barney said the way to deal with a man like that was to put him on your payroll so he would become your blankety blank. Barney once advised ambitious youngsters to read three books, said they had served him all through life. One was Plutarch's Lives.

So having his knowledge of human nature he knew how to get next to Harry. You remember the extravagant party he threw for Harry and his bride.

Jimmy is a very modest fellow and he makes no attempt now to hide his obligation to Barney. Indeed, he advertises how he looks to him for advice.

The situation has got the New Dealers wringing their hands in anguish, you can lay to that. If you are one of those who gets fun out of stark tragedy you would have died laughing over their screams when the President applied the boot to Henry Wallace and Milo Perkins. It was absurd to talk about the Four Freedoms when this was being done to Liberalism, they moaned. And as if luck had now turned definitely against them, they gave a great build up to Henry's recent speech in Detroit, only to have Mussolini skip on that very day and take the play away from Henry. We owe Mussolini something because had it not been for his timing we were in for a prolonged and heated controversy over Henry's speech. As it turned out, there has been relatively little discussion of it.

Of course, we don't know how long the team of Byrnes and Baruch will last. Working in harness with Harry Hopkins, its influence is at present pronounced. Donald Nelson has been mumbling for a year that our civilian production should be boosted but he didn't have the strength to do anything about it. Jimmy and Barney seem about to accomplish something and it is significant that the man named to make the study of the balance between civilian and war production, John Hancock, an investment banker, is one of Baruch's friends, served with him in the First World War.

Insofar as the booting of Wallace and Perkins is concerned, the Hopkins-Byrnes-Baruch maneuvering to this end was not so difficult. Mr. Roosevelt had come to realize, or at least, had long been sold that Wallace with his mysticism about world affairs was a trouble maker for him. The word came authoritatively from Mr. Roosevelt months ago that he was far more realistic than his vice-president. There is, in fact, this bit of comfort for those who are worried about a world-wide WPA: Mr. Roosevelt has long prided himself on his ability to deal with the "furrin" statesmen. He likes to tell friends that he knows them up and down, knows their artifices. When he scuttled the London economic conference back in 1933, his entourage chortled: "Those Europeans have met their master now."

Priding one's self on ability to out-smart the other fellow is one thing, of course, and really having that ability is another, and you are bound to wonder about this smartness when you consider the proposal Hitler is said to have made to Mussolini, the proposal which led to the latter's downfall. Hitler is said to have wanted Mussolini to withdraw his defense to the Po River and leave to us the problem of feeding the rest of Italy. Hitler has got something there. It would be a new sort of strategy but there is little doubt that we can be caused all sorts of trouble by his withdrawing slowly and gradually turning over additional peoples for us to feed. From our present experiences and with the blundering OPA on the job, it can be seen that we could **be** eaten out of house and home.

Coffee Rationing Ends

Immediate suspension of coffee rationing was announced by President Roosevelt on July 28 in his radio address to the nation. The President also predicted that "greatly increased allowances" of sugar will be available in the near future, attributing these moves to a great increase in merchant shipping and more success in the war against U-boats.

The suspension of coffee rationing, effective July 29, was announced by the War Food Administration and the Office of Price Administration. In a joint statement, they declared, "The nation's stocks of green coffee are at a satisfactory level." The Associated Press further reported:

"The two agencies declared that the action marked "the first time that a major food commodity could be released from rationing," and said that it "illustrates the policy of adjusting the rationing program whenever circumstances permit.

Purchases and sale of coffee, the two agencies said, may be made at all trade and consumer levels without the surrender of collection of coffee-ration stamps or other ration currency, and banks no longer will accept coffee-ration currency.

They reported that "continued improvement in the supply situation has made it safe to suspend rationing (of coffee) at this time.

"In approximately seven months after coffee rationing started," the statement said, "at a time when supplies were so critically low that establishment of rationing was difficult, the supply of green coffee in the hands of roasters has been restored to satisfactory levels. This improvement has been accelerated recently because of improved shipping conditions."

Coffee rationing had been in effect since Nov. 28, 1942.

New Economic Unit Set Up By State Dept. To Coordinate Problems Of Liberated Areas

The State Department has established an Office of Foreign Economic Coordination to meet economic problems in areas liberated from enemy control.

This organization, which Washington advices to the New York "Times" report, set up by Secretary Hull at the direction of President Roosevelt, will be responsible for the coordination of the economic operations of United States civilian agencies assisting military forces in liberated areas.

The new unit will develop policies and programs relating to foreign economic activities that are consisted with the Government's international problems.

The "Times" Washington account on July 17, also stated:

Dean Acheson, Assistant Secretary of State, has been appointed director of the organization, which takes the place of the Office of Foreign Territories and the Board of Economic Operations. They have been abolished. The Defense Materials, Exports and Requirements, Foreign Funds Control, and World Trade Intelligence Divisions are operating as component parts of the new office.

* * *

Secretary Hull set up the organization on June 24 but delayed any announcement concerning it until after the President had spoken yesterday. Mr. Hull acted on the basis of a letter from the President on June 3 and a plan which Mr. Roosevelt forwarded from the Budget Bureau to govern the activities abroad in this economic field.

In this letter Mr. Roosevelt emphasized the part that will be played by the Office of Foreign Relief and Rehabilitation Operations, headed by former Governor Herbert H. Lehman of New York. He also explained that lend-lease operations should tie into the work, as well as the Treasury and the BEW, whose part presumably will now be taken over by the new OEW.

War Service Meeting To Be Held By ABA

War finance and the domestic economy, inter-American fiscal policy, and international fiscal policy, will be the featured subjects of the discussion at the three general sessions of the War Service Meetings to be held in New York City, Sept. 13-15, by the American Bankers Association, it was announced on July 27 at ABA headquarters in New York.

A crowded, streamlined program for the meeting, which will replace the Association's annual convention, is nearing completion, is is announced. The meeting is being held to provide an opportunity for discussion of the war services the banks are performing, and of the various national and international economic and financial problems arising in connection with the war.

Decision to hold the meeting was made by the ABA's Executive Council, which met in New York last April. Member banks have been requested, by resolution of the Executive Council, to limit the number of delegates they send to the meeting to one officer to represent each member bank, in addition to such other bank officers whose presence is necessitated by the fact that they are members of the committees, commissions, and councils of the Association. The program is being arranged so that the sessions of the meeting will occupy only two and a half days. Headquarters for the sessions will be the Waldorf-Astoria.

Among the featured speakers at the meeting will be Robert Henry Brand, Chairman of the British Food Mission in the United States. Mr. Brand is a Director of Lloyd's Bank, London, Managing Director of Lazard Brothers & Co., and Chairman of the Board of the North British and Mercantile Insurance Co., Ltd.

Among others scheduled to speak are: W. L. Hemingway, President of the ABA and President of the Mercantile-Commerce Bank & Trust Co., St. Louis, Mo.; Luis G. Legoretta, President of the Mexican Bankers Association and General Manager of the Banco Nacional de Mexico, S. A., Mexico City; Joseph C. Rovensky, Vice-President of the Chase National Bank, New York City; Dr. Henry Merritt Wriston, President of Brown University; Dr. Marcus Nadler, Assistant Director of the Institute of International Finance of New York University; Dr. O. M. W. Sprague, Professor of Banking at Harvard University; Louis S. Headley, President of the ABA Trust Division and Vice-President of the First Trust Co. of St. Paul State Bank; Robert Strickland, President of the Trust Company of Georgia, Atlanta, and Charles W. Bailey, President of the First National Bank, Clarksville, Tenn.

No Neutral Asylum For Axis Leaders, Roosevelt Urges

President Roosevelt warned neutral countries on July 30 that to give asylum or extend protection to any Axis leaders attempting "to escape their just deserts" would be regarded as "inconsistent with the principles for which the United Nations are fighting."

In a formal statement, the President cited rumors that Mussolini and members of his "Fascist gang" may attempt to take refuge in neutral territory.

Mr. Roosevelt also told his news conference on July 30 that he did not care with whom the Government dealt in Italy in its peace negotiations as long as it was not a definite member of the Fascist party. The President further said that the first objective of the Allied invasion force was to end armed resistance in Italy and to prevent anarchy. He expressed a willingness to have peace dealings with king, a prime minister or a mayor of a town.

The State Department revealed on July 31 that it had instructed American diplomatic representatives in neutral countries to bring the President's statement to the attention of the heads of the governments of Sweden, Turkey, Spain, Switzerland, Vatican City and Argentina.

Similar representations to those places were made by British diplomats, while Russian appeals went to Sweden and Turkey.

The text of the President's formal statement, calling on neutral nations to deny asylum to Axis leaders or their tools, follows:

"On Aug. 21, 1942, I issued a statement to the press in which after referring to the crimes against innocent people committed by the Axis Powers I stated:

"'The United Nations are going to win this war. When victory has been achieved, it is the purpose of the Government of the United States, as I know it is the purpose of each of the United Nations, to make appropriate use of the information and evidence in respect to the barbaric crimes of the invaders, in Europe and in Asia. It seems only fair that they should have this warning that the time will come when they shall have to stand in courts of law in the very countries which they are now oppressing and answer for their acts.'

"On Oct. 7, 1942, I stated that it was 'the intention of this Government that the successful close of the war shall include provisions for the surrender to the United Nations of war criminals.'

"The wheels of justice have turned constantly since those statements were issued and are still turning. There are now rumors that Mussolini and members of his Fascist gang may attempt to take refuge in neutral territory.

"One day Hitler and his gang and Tojo and his gang will be trying to escape from their countries.

"I find it difficult to believe that any neutral country would give asylum to or extend protection to any of them.

"I can only say that the Government of the United States would regard the action by a neutral government in affording asylum to Axis leaders or their tools as inconsistent with the principles for which the United Nations are fighting and that the United States Government hopes that no neutral government will permit its territory to be used as a place of refuge or otherwise assist such persons in any effort to escape their just deserts."

Federal Revenue Up In Year Ended June 30

The Treasury Department reported on July 22 that total internal revenue collected in the 12-month period ended June 30 was $22,339,284,245, compared with $13,047,868,517 for the 1941-42 fiscal year.

Individual income tax payments were the largest source of income, aggregating $5,739,433,790, as compared with $3,262,800,389 in the year before. There was a sharp increase in returns from "excess profits"—these taxes yielding $5,174,318,994 against $1,618,188,950 a year earlier. Associated Press advices from Washington July 22 further reported:

"Corporation tax receipts rose to $4,449,623,422 from $3,069,273,346 in 1942.

"Employment taxes, including carriers' tax, returned the Government $1,499,986,878, against $1,185,361,843 a year earlier. Other Federal taxes produced $5,425,921,159, as compared with $3,912,243,987 in 1942.

"New York led all States in total collections with $4,304,284,660. Pennsylvania, with $1,993,466,969, was second and Illinois third with $1,862,797,036.

Calls Food Conference

Frank Gannett, publisher of Gannett newspapers and a critic of the New Deal, announced on July 26 that a national food conference was to be held at Hotel Sherman in Chicago Sept. 9 and 10.

In Associated Press Rochester advices, the following was reported:

"In calling the food conference, Mr. Gannett said he was motivated by appeals from United States Senators and agricultural leaders in 16 states.

"In urging me to take leadership in arranging this conference," he said, "they pointed out that food is an essential weapon in waging war. They believe it is imperative that we immediately find ways and means for increasing our food production next year, so that we may be able to feed our armed forces and have sufficient food to sustain the health and morale of our civilian population providing the implements of war."

Mr. Gannett said the program would be one to arouse interest throughout the country. "We hope out of this meeting," he asserted "to develop a constructive plan for dealing with one of the most important jobs before us."

National Grange Opposes Price Rollback And Labor's Demand For Wage Rise

The Executive Committee of the National Grange on July 28 appealed to the Administration to resist labor's demands for either a rollback of food prices or general wage increases. Either or both steps, said the leaders of the National Farm organization, would deepen the impending food crisis and eventually bring about uncontrolled inflation and collapse.

Reporting the Grange as having found fault with arguments of the American Federation of Labor and the Congress of Industrial Organizations that food costs had advanced out of line with wages, the Associated Press advices from Washington, as given in the New York "Sun" further indicated the views of the Committee as follows:

"We are spending for food but 21% of our income, believed to be the lowest percentage of any nation on earth," the Grange Committee said. "This is in vivid contrast to the 60% in England whose rollback subsidy program we are asked to use as a model. Yet even at the low figure of 21%, we have raised our dietary standards sharply."

President Roosevelt and his economic high command are studying ways of tightening controls over food prices, and of reducing them as near as possible to the level of Sept. 15 last. Government purchase at present prices and resale for consumer distribution at lower prices is one method under consideration. Another is extension of the rollback subsidy program.

The policy demanded by labor, said the Grange committee, would result in further serious curtailment of "our food supply which already has suffered because of unsound, impractical and restrictive regulations by the Office of Price Administration."

The farm organization asserted that the real problem confronting the country was an excess of purchasing power over consumer goods and that this was increasing at the rate of $2,000,000,000 a month. The gap, the Grange said, must be reduced or closed by siphoning off surplus income through taxation and systematic savings.

The Grange said that food production, rationing and price control should be placed under one responsible head and that rationing should be used only to effect equitable distribution of goods produced in insufficient quantities.

It urged re-establishment of the food stamp plan to aid consumers whose incomes have not kept pace with living costs.

The demands by the labor spokesmen were reported in these columns July 29, page 432.

President Proclaims Sept. 9 For Start Of Third War Loan

In a proclamation officially setting Sept. 9 for the start of the $15,000,000,000 Third War Loan drive, President Roosevelt on July 28 asked every American to "give all possible aid and support" through purchases of war bonds.

The President said the drive offers every American "an opportunity to express voluntary and, under the guidance of his conscience, the extent to which he will 'back the attack.'"

The President's proclamation follows:

"Recognizing the fact that in carrying the war into enemy territory we shall need greater amounts of money than any nation has ever asked from its citizens in all history. I, Franklin D. Roosevelt, President of the United States of America, do officially proclaim that on Thursday, the 9th of September, 1943, the Third War Loan shall be launched.

"As Commander in Chief, I hereby invoke every citizen to give all possible aid and support to this Third War Loan drive, not only so that our financial goal may be reached, but to encourage and inspire those of our husbands and fathers and sons who are under fire on a dozen fronts all over the world. It is my earnest hope that every American will realize that in buying war bonds in this Third War Loan he has an opportunity to express voluntarily and under the guidance of his conscience the extent to which he will 'back the attack.'

"The American people supported well the First and Second War Loan drives and in fact did even more than was asked of them. Our need for money now is greater than ever, and will continue to grow until the very day that victory is won; so we must ask far more sacrifice, far more co-operation than ever before."

WPB Tightens Controls On Use Of Silver

The War Production Board on July 29 revised its regulation covering the distribution of silver incident to curtailed imports and increased stocks made available by the unfreezing of a billion ounces of Treasury "free" silver by the Green bill. From Washington advices to the New York "Times" we quote:

"The new regulations will permit the use of Treasury silver only in the manufacture of engine bearings, official military insignia, brazing alloys and solders. Authorization to purchase silver from the Treasury for these purposes must be obtained from WPB.

"The use of foreign silver, on the other hand, will be permitted only in the manufacture of medicines and health supplies, in the photographic industry, in the manufacture of electrical contacts and other products or parts used for electric-current-carrying purposes, in the manufacture of miscellaneous products and on orders carrying a preference rating of AA-5 or higher, with some exceptions.

"Regardless of preference ratings, foreign silver may no longer be used for certain restricted purposes such as the manufacture of silverware, watch cases and jewelry; badges and insignia other than official military insignia, church goods, slide fasteners, hooks and eyes, snaps, buttons, clips, buckles and fasteners, closures for containers, pens and pencils except the nibs, interior tubes, filling mechanisms, clips and rings, toilet articles and picture frames, musical instruments except strings, electroplating unnecessary for operational purposes except in dental, surgical, veterinary and optical instruments, appliances and equipment.

Taylor Named Head Of Commerce Bureau

President Roosevelt appointed on July 29 Amos E. Taylor as Director of the Bureau of Foreign and Domestic Commerce of the Department of Commerce, subject to Senate ratification. Mr. Taylor was named to succeed Carroll E. Wilson, who resigned to devote his full time to the Committee for Economic Development. Mr. Taylor has been associated with the Bureau for over 10 years, recently serving as head of its International Economic Unit and its Division of Research and Statistics.

House Group Finds OPA Effectively Stabilized Rents But Charges Powers Were Exceeded

A special House Committee reported on July 27 that the Office of Price Administration has "successfully stabilized" wartime rents, but that the agency exceeded powers granted by Congress, trespassed on State laws and discriminated against owners of rental property.

It suggested reduction of the Rent Department to "a skeleton force" was now possible.

As to overall rent control, the committee, headed by Representative Smith (Dem., Va.), is reported as saying.

"Rents on the whole have been successfully stabilized and inflationary increases prevented as to this element of living costs. The fact that rents have been substantially stabilized throughout the country constitutes an important contribution to the success of our war effort."

Further details of the report, as contained in Associated Press Washington advices given in the New York "Journal of Commerce" follow:

However, the greater part of the report, filed with the House clerk, was devoted to denunciation of the operating practices of OPA's Rent Control Division. The committee outlined its "findings" as:

1. The Price Administration Act "grants too broad a discretionary power to the Administrator, and fails to provide a sufficiently clear definition of this power, to guard against its abuse and to adequately safeguard the constitutional rights of our citizens."

2. Certain OPA regulations "have unnecessarily conflicted with national and local laws, and have compelled unwarranted changes in established business practices in violation of the act."

3. The committee is of the opinion that certain of the regulations have deprived property owners of a portion of the equity in their property, when such action was unnecessary to bring about effective rent control.

4. Far too little effort has been made by the Rent Department to encourage local initiative in taking care of the problem of rent control, and the Rent Department "has been so eager to establish an over-all national control as to have positively discouraged such local action."

5. Particularly in the early stages of rent control, it appears that the Rent Department released broadcasts and sent out publicity tending to depict landlords generally as a greedy and grasping class; actually encouraged complaints by tenants against owners; required unnecessarily complicated questionnaires of landlords, and made unwarranted investigations of their private affairs. The report said: "It is claimed that many of these things have been corrected."

6. "The most profound interest of this committee lies in the protection of citizens in their constitutional and legal rights. Despite the machinery which has been set up by the OPA for appeals from its regulations and rulings, and the filing of petitions for changes in such rulings and regulations, there appear to be instances where for considerable periods of time access to the emergency court of appeals has been, in effect, denied to protestants, due to the slowness with which OPA officials have acted upon complaints."

The report set forth that OPA has established rent control for 11,000,000 rental housing accomodations and 350,000 hotels and rooming houses, and suggested that:

"In view of the fact that the Rent Department has not established the boundaries and freezing dates in 376 designated defense-rental areas, and has fixed maximum rents, your committee can see no reason for maintaining more than a skeleton force in the Rent Department—leaving the duly constituted courts to settle disputes between landlords and tenants, as provided in the act."

Amer. Legion Opposes World Police Force

The American Legion is not interested in an international police force, but rather indorses a strong post-war Army and Navy, National Commander Roane Waring said on Aug. 1.

"We are not in favor of an international body to govern the world after the peace," Mr. Waring told the Tennessee department's 25th annual convention at Nashville, according to United Press advices which further stated:

"We don't know who would command it, we don't know who it would fight, and we don't know how it would fight.

"I am not in favor of putting this nation of ours in the hands of any foreigners or foreign body regardless of who our allies are," he asserted. "It is the duty of our Congress to declare war. I am not willing for Great Britain or Russia, or any other nation to sit in on any body that will determine when my son will go to war."

"Let America be strong enough to step in if need be and stop any international trouble . . . but let it fight for American dictates.

"We must not only kill the leaders of Axis nations, but their ideologies as well," he said.

"We would have no business feeding and cherishing Italy if she gave up. Let the Italians quit if they like, but let's not gather them to our bosom with offers of food and lend-lease."

NY Leads March Spurt In War Contracts

Of a total of $7,500,000,000 war contracts placed during March, the State of New York received $1,000,000,000, the largest amount awarded any state, according to the National Industrial Conference Board. Making this known Aug. 2, the Board said that total contracts awarded during the month were slightly more than 50% above the monthly average for the three months immediately preceding. The Board likewise states that second to New York in the value of contracts awarded came Ohio with $703,000,000. Illinois with $681,000,000 was third. Contracts awarded New York were primarily for ordnance items. Ohio led all the States in new orders for aircraft, with $360,000,000 out of a grand total of $1,300,000,000. California received more than half of the total $600,000,000 ship contracts let for the month. Ship contracts averaged $400,000,000 per month during the three months ended with February.

The Conference Board's announcement further stated:

"Awards for ordnance and other supply items totaled $5,000,000,000 in March against an average for the three months immediately preceding of $2,300,000,000. The total of all war contracts placed through the 12 months ended in March, 1943, and allocated to the various States, amounted to $71,000,000,000. The total so placed and allocated from June, 1940, to March, 1943, is estimated at $121,500,000,000, while an additional $14,700,000,000 has been placed off the continent, or remains unallocated by States.

"The large March placements brought several changes in the relative position of certain states and areas as regards the total of war contracts received since June, 1940. California contimued to lead the States in cumulative awards since June, 1940, with $12,400,000,000, while New York replaced Michigan in second place.

"Areas with lower percentages of war contracts in 1942 than of manufacturers in 1939 are gaining, relatively, in 1943. Thus, the heavy manufacturing states in the East North Central region increased their share of war contracts from 25% in March, 1942, to 29.3% this year, almost equaling their peacetime contribution to manufacturing. Upward movements likewise developed in the Middle Atlantic and New England areas, which were also below their peacetime ratios a year earlier. The three areas composing the northeastern part of the United States held 61.4% of all prime contracts in March, 1943, as against 55.9% in March, 1942, and 71.1% of all 1939 manufactures.

"Conversely, those areas with relatively higher war contracts early last year than of peacetime manufactures dropped, relatively, in the subsequent twelve months. The Pacific region's share of war contracts fell from 16.1% to 14.2%, but remained more than twice that for 1939. Similar trends prevailed in the three other western areas. The South Atlantic and East South Central regions, however, had only 10.8% of war contracts in March, 1943, as against 12.7% a year previously and 12.5% of 1939 manufactures.

"Similar trends are also evident in the state pattern of war contracts. The eight heavy industrial states (New York, Pennsylvania, Illinois, Ohio, Michigan, New Jersey, Massachusetts and California, all with aggregate value added by manufacture of more than $1,000,000,000 in 1939) boosted their combined share of total war contracts from 55.7% in 1942 to 59.8% in 1943. Their comparable share of 1939 output was 64%. California and Michigan are farthest above their 1939 ratios, the former dropping slightly in the later war period, the latter rising sharply. Of the group only Ohio, Pennsylvania and California had a smaller share of contracts than in 1942, the drop being very slight in the first two cases, and more severe in the last."

Warn Contractors Not To Delay Renegotiation

The War and Navy Departments on July 25 jointly cautioned their renegotiation agencies not to permit contractors to postpone renegotiation of war contracts in the expectation of Congressional revision of existing statutes.

A special House group has been conducting an investigation as to possible renegotiation law amendments for incorporation in the 1943 Revenue Act. Associated Press advices in the "Wall Street Journal" stated:

"Undersecretary of War Robert P. Patterson and Undersecretary of the Navy James V. Forrestal announced that 'certain contractors' are reported to be seeking delays in renegotiations in hope that Congress may amend the statute to exempt standard commerical articles from renegotiation and allow deductions of reserves for postwar reconversion.

"While such amendments have been proposed, the officials said, there is little prospect of passage of any of these measures in the near future.

"Accordingly," they added, "Whenever a contractor is delaying renegotiation for this reason, the case should be immediately referred to the Undersecretary of War or Navy for final determination of the amount of excessive profits realized or likely to be realized by the contractor under his contracts and subcontracts."

Russian War Relief Supplies Total $6,249,541 In First Half Of Year

Officers of Russian War Relief reported to the agency's Board of Directors at a meeting in the Bankers' Club of America, 120 Broadway, on July 26, that in the first half of this year the agency shipped $6,249,541 worth of relief supplies to the Soviet Union. They forecast that shipments will be maintained for the rest of the year at approximately the same rate.

The organization reported on Jan. 1 of this year that it then had shipped $1,017,743 worth of goods. The new report brought the total value of shipments to $7,256,787. In the same period covered by the shipping report, Americans, it is stated, contributed to Russian War Relief $3,509,139 and gifts in kind valued at $2,119,858, a total income of $5,628,997. Advices from the Russian War Relief, Inc., further state:

"Directors of the organization approved plans for enlistment of thousands of volunteer workers for Russian War Relief, organized in 285 city and state committees and hundreds of subsidiary groups throughout the country, in a year-around program of activities designed to "convince the public that Russia needs relief and that it is to the advantage of the United States that we send it."

"A policy statement urging all committees of the organization to join in the propose campaign and enlist all of their manpower in support of the fund-raising campaign of the National War Fund this fall, was adopted unanimously."

Edward C. Carter, Russian War Relief President, said that the Board of Directors is determined constantly to expand activities in behalf of aid to Russia because "to do otherwise would be to desert the Russian people as their need for our aid and friendship increases."

Voted $95.3 Billion For 1944 Fiscal Year

Congress appropriated a record high of $95,300,000,000 to run the war and Federal domestic functions during the 1944 fiscal year which began July 1, an analysis by the Citizens National Committee showed on July 25.

This is $22,000,000,000 higher than the original 1943 appropriation of $73,300,000,000. The original 1944 appropriation is certain to be raised by many billions as President Roosevelt requests deficiency outlays.

United Press Washington advices as given in the "Wall Street Journal," said:

"Mr. Roosevelt's budget estimates for 1944 were $7,500,000,000 under the Congressional total.

"Thes figures are at variance with Congressional compilations which show $110,400,000,000 of direct appropriations as against budget estimates of $113,900,000,000. Also the Congressional figure does not include $15,000,000,000 left over from last fiscal year and reapportioned for 1944.

"The analysis estimated that $88,100,000,000 of the total will go for war activities, with the two fighting services getting $83,400,000,000.

"Civilian functions will receive $4,200,000,000.

"Earmarked for paying interest on the public debt, which on June 30 stood at $140,796,033,375 is $3,000,000,000. Congress has increased the debt limitation to $210,000,000,000, but it probably will have to be raised again before June 30, 1944.

"The War Department received the largest single appropriation — $59,000,000,000. The Navy was second with $24,000,000,000. Their 1943 allocations were $42,000,000,000 and $19,000,000,000 respectively.

"The analysis shows a $458,000,000 increase in 1944 appropriations over 1943 for the executive office and independent officers, with civil service retirement, railroad retirement, the Maritime Commission and the veterans administration allocations responsible for most of the raise.

"The Treasury Department appropriation of $3,900,000,000 is more than $1,000,000,000 over 1943, with the expanding debt interest absorbing that much more than needed in 1943.

"Congress made economies by liquidating the National Youth Administration, the National Resources Planning Board and the bituminous coal commission.

"Other reductions included: Federal Security Agency, $30,000,000 under the $759,000,000 received in 1943; Federal Works Agency, $209,000,000 under the $337,000,000 for 1943; National Housing Agency, cut from $629,000,000 to $5,000,000; Department of Commerce, reduced by $225,000,000 under the $351,000,000 under the 351,000,000 in 1943; War Department Civil Functions, $46,000,000 as against $145,000,000 in 1943."

Resources Of Fed. Savs.-Loan Ass'ns Up

Resources of the Federal Savings and Loan Insurance Corporation—which protects investments in insured thrift and home-financing institutions—have increased 43% since the organization was established by Congress in 1943, Oscar R. Kreutz, General Manager of the corporation, announced on July 31. A report for the fiscal year ended June 30, 1943, shows assets of the Corporation at $143,249,154 on that date, as compared with $134,371,152 12 months before, Mr. Kreutz said. The Insurance Corporation was founded with a capital of $100,000,000.

Reserves of the Corporation totalled $41,406,963 on June 30, an increase of $8,741,059 for the year.

The announcement further stated:

"Nearly 2,430 savings and loan associations and similar institutions located in all states now carry insurance of their savers' accounts, covering up to $5,000 for the investor, through the Federal Savings and Loan Insurance Corporation. About 3,500,000 individuals are so protected.

"Combined assets of the insured associations totalled $3,811,473,000 at the end of May. The widening coverage of insurance in the field of savings and loan associations is indicated by an increase of 59 in the number of institutions so safeguarded, from May 1942 to May 1943. This increase, as well as the steady growth of insured associations, is reflected by a $427,000,000 rise in the combined assets of insured institutions during those 12 months.

"Saving and investments of the public in the custody of insured associations are increasing at the rate of about 16% a year, the report showed. Faced with a wartime decline in lending on home mortgages, insured associations are investing heavily in U. S. Government securities. In the 11 months prior to May 30, their holdings of War Bonds and other government obligations rose from $71,000,000 to $370,000,000.

Maximum Food Production, Price Stabilization, And Fair Returns Require Centralized Authority

Unified Purpose Necessary Says Guaranty Trust In Discussing Food Situation

The assertion, once so confidently made, that "food will win the war" has given way in some measure to the fear that the lack of food, or its improper distribution, may retard the winning of the war—and the peace, says the Guaranty Trust Company of New York in discussing the situation in food in the July 27 issue of "The Guaranty Survey," its monthly review of business and financial conditions.

According to "The Survey" a network of cross-purposes in official quarters, together with the deeply ingrained complacency of a nation that has never experienced a severe food shortage, has permitted the gradual development of a situation that may present formidable obstacles in the prosecution of the war. "The Survey" states:

"The threat to price stability involved in the upward drift of prices of farm products in their raw and processed forms is now combined with an even more disquieting menace—the possibility that our system of food production and distribution may prove unequal to the huge task of adequately supplying ourselves and the other peoples that are and presumably will be dependent upon us for subsistence during the war and the early post-war period.

* * *

"Upon us has fallen and will fall the burden of supplying for a time the food deficiencies of a not inconsiderable percentage of the world's population. To feed these hungry millions is not merely a matter of international charity or humanitarianism. It is also a matter of wartime strategy and of preserving the values for which the war is being fought.

"Americans must rid themselves of the persistent notion that theirs is today a country of great exportable food surpluses. For 20 years before the outbreak of the present war, the United States was a net importer of foodstuffs Moreover, between 1932 and 1940 the amount of land used for crops declined by 27.5 million acres, or more than 7%. To recover this lost acreage, or at least the more productive part of it, is one of our major wartime problems; and experience has already shown that, in the face of wartime manpower shortages and restricted supplies of farm equipment, the assignment is by no means an easy one.

* * *

"The actual food situation, however, as it affects the consumer at home and abroad, is one that cannot be accurately portrayed by statistics of past and future farm production. The explanation for at least a part of the discrepancy is to be found in the black market. Reliable and comprehensive information on the subject is, of course, impossible to obtain; but there can be no doubt that the illegal sale of foods, especially meats, has attained a volume that is not generally appreciated. The black market seems to have assumed proportions that not only threaten the food rationing and price stabilization programs but also tend to undermine morale, constitute a serious menace to public health, and afford criminal elements the richest opportunities since the days of national prohibition.

"To combine the three objectives of maximum food production, price stabilization, and fair returns to farmers and processors into an effective program is an exceedingly delicate and complex task that requires centralized authority and unified purpose. Neither Congress nor the Administration has displayed sufficient recognition of this imperative need. Congress has shown itself more concerned with increasing the financial returns of farmers than with stabilizing the cost of living or expanding the food supply. The encouragement of food production, the regulation of food prices, the conservation of farm manpower and the provision of farm equipment and supplies have been left in the hands of separate agencies; and the President has consistently refused to unify the program under an administration with adequate powers.

"With such diversity of control, it is not surprising that attempts at price stabilization have been found to interfere with the orderly flow of food to consumers. In the effort to reconcile these aims, price control authorities propose to follow the example of Great Britain and Canada in extending the use of subsidies. Reports since the adjournment of Congress indicate that the Government plans to purchase and resell at a loss an increasing share of the country's food supply in order to prevent further price advances.

"Although subsidies provide an obvious means of bridging the gap between the farmer and the consumer, they are a superficial remedy that holds no promise of reconciling the conflicting objectives involved in the handling of the food problem and that may, in the final analysis, aggregate the price instability that it is intended to prevent."

Foreign Traders To Convene In New York

Eugene P. Thomas, Chairman of the National Foreign Trade Council announces that the Council's 30th National Foreign Trade Convention will be held in New York, on Oct. 25, 26 and 27 with headquarters in the Hotel Pennsylvania. In the invitation sent to delegates, Mr. Thomas emphasizes the international character of this year's meeting of foreign traders.

"It is expected," says Mr. Thomas, "that Allied countries will be represented at the Convention. Inter-American relations and those with the British Commonwealth of Nations, Soviet Russia, China, and all the other United Nations, will have full consideration by selected speakers, including representatives from other countries." Mr. Thomas further stated:

"The national and international importance of this annual Convention grows each year and is now recognized by the Governments and business men as a valuable guide to American opinion upon questions of common interest.

"The program will provide for full discussion of domestic and international aspects of post-war economic reconstruction, with special relation to international commercial policy looking to an expansion of the world economy.

"Opportunity will be presented for an exchange of views with respect to reconstruction proposals, especially those emanating from authoritative British sources. It is of prime importance that British-American agreements already entered into shall be implemented by post-war measures that have the united support of both countries. To insure world economic expansion, these two leading industrial and commercial nations must act together in world economic reconstruction. Special attention will be given to the clarification of proposals made in both countries with respect to post-war commercial, shipping, and aviation policy, in addition to monetary and financial problems.

"Opinion is slowly crystallizing as to the respective merits of recent plans for currency stabilization. This subject will form a chief topic of discussion at the Banking Session by speakers who have made a study of the monetary question.

"The preservation of private enterprise is a question of the highest import to the future of American industry, upon which it is essential that the voice of the Convention again be heard. Current wartime problems of the exporter and importer will have particular attention in sessions participated in by officials of Government departments and wartime agencies. The Industrial Group Sessions, which have proven to be of great practical value to those concerned, will have an important place in the proceedings.

"It is the expectation of the Council that the deliberations at the coming Convention will bring into closer harmony the various proposals for post-war rehabilitation and reconstruction which have been a subject of discussion during the past year, and thus prepare the way for essential unity of policy and action before the war ends."

President Assures Pope Allies Will Spare Churches And Respect Vatican

President Roosevelt, in a formal message to Pope Pius XII concerning the Allied invasion of Italian soil, assured the leader of the Roman Catholic Church that churches and religious institutions will "be spared the devastations of war during the struggle ahead" and that "throughout the period of operations the neutral status of Vatican City as well as of the Papal domains throughout Italy will be respected."

The text of the President's message to the Pope, as made public by the White House on July 10, follows:

"By the time this message reaches Your Holiness a landing in force by American and British troops will have taken place on Italian soil. Our soldiers have come to rid Italy of Fascism and all its unhappy symbols, and to drive out the Nazi oppressors who are infesting her soil.

"There is no need for me to reaffirm that respect for religious beliefs and for the free exercise of religious worship is fundamental to our ideas. Churches and religious institutions will, to the extent that is in our power, be spared the devastations of war during the struggle ahead. Throughout the period of operations the neutral status of Vatican City as well as of the Papal domains throughout Italy will be respected.

"I look forward, as does Your Holiness, to that bright day when the peace of God returns to the world. We are convinced that this will occur only when the forces of evil which now hold vast areas of Europe and Asia enslaved have been utterly destroyed. On that day we will joyfully turn our energies from the grim duties of war to the fruitful tasks of reconstruction.

"In common with all other nations and forces imbued with the spirit of good will toward men and with the help of Almighty God, we will turn our hearts and our minds to the exacting task of building a just and enduring peace on earth."

Commenting on the July 19th Allied bombing raid on Rome, Secretary of State Hull said on July 20 that care was taken to confine the bombing to military objectives. The Secretary said American forces received strict instructions to avoid non-military objectives and to attack only installations of military importance. Some damage it is stated as a result of the bombing occurred to the Basilica of San Lorenzo, Outside the Walls.

House Group Blocks Corn Ceiling Rise

The House Agriculture Committee on July 8 tabled the Senate-approved legislation which would have permitted an increase in the ceiling price of corn from $1.07 to $1.40 a bushel.

The measure, setting aside the Office of Price Administration ceilings on corn, passed the Senate by a voice vote on July 7. However, the House group's action leaves the task of remedying the current shortage of purchasable corn up to the Administration.

The following concerning the situation was reported in United Press Washington advices July 7 appearing in the "Wall Street Journal."

"Administration leaders opposed the resolution on the grounds that a higher corn price inevitably will result in demands for higher prices by the users of corn—including dairy and poultry feeders. The only alternative, it was contended, would be for the Government absorb such an increase through subsidies.

War Food Administration officials said corn at $1.40 a bushel likely would have the immediate effect of increasing the marketing of hogs, but would cause a long-range reduction in production unless price ceilings were raised proportionately on pork.

Corn fed hogs now is worth about $1.30 a bushel to the farmer. Corn is said to be selling on the "black market" at about $1.25 a bushel in the corn belt.

On other livestock and livestock products the result likely would be an immediate demand for an increase in ceiling prices of dairy and poultry products as well as higher ceilings on other meats—unless the increased feed costs were subsidized.

Urges Republicans To Act On Foreign Policy

A committee of the unofficial Republican Post-War Policy Association met with Harrison E. Spangler, Chairman of the National Republican Committee, at headquarters in Washington on July 27 to urge that the party issue a statement on foreign policy, favoring constructive and responsible participation by the United States in world affairs.

Mr. Spangler told the group that their stand will be referred to the official Republican Post-War Advisory Council of 49 which is scheduled to hold the first of a series of meetings at Mackinac Island, Mich., Sept. 6 and 7. In its advices from Washington July 23 the New York "Herald Tribune" said:

"The recommendations to be made by this group, composed of 24 Republican Governors, 17 Republican members of Congress and 8 representatives of the Republican National Committee, Mr. Spangler said, will be submitted to the national committee prior to the 1944 national convention, and through its resources committee to the convention.

"From this council of experienced legislators and executives," continued Mr. Spangler, "will begin to flow the program upon which America will depend for guidance in the years ahead. There seems to be little doubt now that next year the voters of this country will turn to the Republican party for leadership out of the morass into which the New Deal has led us."

Sen. Taft Criticizes Treasury Ruling On Pension Trusts

Senator Taft (Rep., Ohio) announced on July 28 that when Congress reconvenes in September he will offer a point resolution designed to declare invalid the Treasury Department's recently promulgated regulations relating to employees' pension trusts.

Senator Taft charged that the Treasury had waited until Congress adjourned to issue regulations in defiance of the "clear meaning" of the Revenue Act of 1942.

Secretary of the Treasury Morganthau at a press conference on July 29 said that Senator Taft's charges were "entirely uncalled for and unjust."

In reporting the Senator's remarks, Washington advices of July 28 to the New York "Herald-Tribune" said:

"He recalled that Treasury officials had appeared recently before a subcommittee of the Senate Finance Committee and insisted that they would hold 'invalid' any trust which treated the employees in the trust better than the Social Security Act treats employees receiving $3,000 or less.

"The Revenue Act of 1942, Senator Taft added, expressly provided that a trust should not be invalid merely because it excluded employees receiving $3,000 a year or less, if it included substantially all employees receiving more than that amount.

A new paragraph was inserted by the Finance Committee, he pointed out, in order to mention in the law some of the acceptable provisions found in pension trust plans supplementary to the Social Security Act, both with respect to elegibility conditions and the scale of benefits and contributions.

"The Treasury officials," Senator Taft said, "were informed by the Finance subcommittee that, regardless of the merits of their proposal, there was nothing in the Act which authorized the Treasury to require employees' pension trusts to be integrated, or even compared with the provisions of the Social Security Act. Nevertheless, Congress had no sooner adjourned than regulations were issued in direct defiance of the committee's opinion and the clear meaning of the Act."

Pending the decision of the question, Senator Taft's resolution proposes to extend the time in which existing trusts may be conformed to the new law, from Dec. 31, 1943, to Dec. 31, 1944.

The Treasury's ruling was mentioned in these columns July 15, page 229.

ARC Workers Overseas

Norman H. Davis, Chairman of the American Red Cross, revealed on July 27 that there are 2,568 ARC workers in 18 areas outside the continental limits of the United States, with most of them in or near combat areas. The others serve in leave areas, where the Red Cross operates 181 clubs for service men, and in distant military outposts, such as Greenland, Trinidad and Puerto Rico. Washington advices to the New York "Times" July 27 reporting this added:

"The Red Cross has 627 workers in North Africa, 560 in Great Britain, 530 in Australia and the South Pacific area, 161 in undisclosed locations and a number in Alaska, Canada, India, China and the Middle East.

"In Great Britain the Red Cross runs 76 service men's clubs; in Australia, 34; North Africa, 26; Egypt, 15; India and China, 2."

War Workers Major Participants In Payroll Savings Plan, Survey Shows

An analysis of the source of funds received under the payroll savings plan, just completed by Treasury statisticians, shows conclusively it is stated that the men and women working in the war plants of America, with war-swollen incomes, provide the large bulk of the funds raised through payroll deductions.

It was found that 89% of the employees of the automotive industry, now devoted almost exclusively to the manufacture of munitions, are setting aside a portion of their pay each month to buy War Bonds, representing 9.4% of the industry's aggregate payroll and 10.6% of participating employees' pay deducted. In the greatly expanded shipbuilding industry, with over 75% of its employees enrolled under the plan, the percentage of participating employees' pay deducted is 11.6%, and the percent of the aggregate payroll 8.7%.

Advices to this effect were made available July 13 in the Financial Writers Bulletin, of the U. S. Treasury War Finance Committee, from which we also quote:

"Nearly 80% of the employees of the aviation industry are participants in the payroll savings plan, with 9.8% of the participating employees' pay deducted, and 7.8% of the industry's aggregate payroll invested in bonds each month.

"The employees of the so-called peacetime industries, such as food products, public utilities and railroads, where the expansion in personnel and the increases in payrolls have not been proportionately as large as those in the war plants, the showing is not nearly as good. It was found that less than 5% of the aggregate payrolls of the public utilities and railroads, and only 5.6% of the aggregate payroll of the food industry, are being invested in War Bonds under the deduction plan.

"Treasury economists estimate that seven-eighth's of the nation's current income after taxes goes to persons earning less than $5,000 a year. So, obviously, the investment in War Bonds of all salary and wage earners, either through payroll deductions or outside purchase, will have to be substantially increased if the Treasury is to be successful in raising $18,000,000,000 from individual investors in the last six months of the year.

"As the first step, the Treasury recently set a goal of $600,000,000 a month from payroll savings for the balance of the year. The individual quota of each firm participating must be increased. Each company will be given a dollar quota, which will represent a 50% increase over the monthly deduction of May, 1943. The quota, in any case, will be not less than 10% of the company's gross payroll which is the minimum objective.

"In addition, all workers will be asked to buy extra bonds in September during the Third War Loan drive.

"On May 31, 1943, the payroll savings plan was in operation in 182,144 firms. Included among these firms were more than 99% of those with 5,000 or more employees, 99% of those with 500 to 5,000 employees, and 95% of those with 100 to 500 employees. Approximately 27,000,000 persons were buying Series E. War savings Bonds in May, including 3,600,000 members of the armed forces and 2,700,000 employees of Federal, State and local Governments. Nearly 90% of the money deducted from pay each month to be accumulated for the purchase of war Bonds came from persons earning less than $5,000 a year.

"The aggregate deductions of $420.000.000 that were accumulating for the purchase of War Bonds under the payroll savings plan in May, 1943, representing an average deduction of $15.50 for every person participating in the plan for that month. This average deduction represented 9.1% of the average wage of persons participating and was sufficient to provide each one of these persons with a $25 bond once every five weeks.

"The payroll savings plan began to grow just after Pearl Harbor. In December, 1941, there were only 9,939 firms participating with 700,000 of their 3,200,000 employees purchasing $5,000,000 in bonds that month, or an average deduction of 4.1% of the pay of those actually participating. By June, 1942, the number of firms with payroll deduction plans had jumped to 108,099 and 16,000,000 persons in these firms, in government service and in the armed forces purchased $153,000,000 in bonds that month, or an average deduction of 5.8% of the persons actually participating.

"One year after Pearl Harbor—in December, 1942—the number of firms had increased to 167,813 and 24,500,000 persons purchased $355,000,000 in bonds that month, or a deduction of 8.5% of the pay of persons actually participating. Each succeeding month has shown a steady increase in the number of firms participating, the number of persons voluntarily deducting a portion of their pay for the purchase of War Bonds, the amount of bonds purchased under the plan and the deductions as a percentage of pay of persons actually participating.

"During the last half of the year, it will be necessary to get far more from the people through voluntary purchases than ever before. In the first six months of the year, the Treasury sold approximately $7,000,000,000 in War Bonds to individuals. In the last six months, the goal has been set at $18,000,000,000. It is a tremendous but not an impossible task. It is hoped that much of this amount can be raised in the Third War Loan drive, which will begin on Sept. 9.

"Secretary Morgenthau stated recently that he agreed with Congressional leaders that none of the new income taxes should become effective before Jan. 1, 1944. Thus, bond buyers have the assurance that they may purchase bonds during the September drive without fear that the Government will take any more of their current year's earnings in higher income taxes."

Result Of Treasury Bill Offerings

Secretary of the Treasury Morgenthau announced on Aug. 2 that tenders for $1,000,000,000, or thereabouts, of 92-day Treasury bills, to be dated Aug. 4 and to mature on Nov. 4, 1943, which were offered on July 30, were opened at the Federal Reserve Banks on Aug. 2.

The details of this issue are as follows:

Total applied for—$1,408,809,000.

Total accepted — $1,005,720,000 (including $57,257,000 entered on a fixed-price basis at 99.905 and accepted in full).

Range for accepted bids:

High—99.909 equivalent rate of discount approximately 0.356% per annum.

Low—99.904 equivalent rate of discount approximately 0.376% per annum.

Average price—99.904 plus—equivalent rate of discount approximately 0.374% per annum.

(72% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Aug. 4 in the amount of $901,706,000.

As to the July 23rd offering of $1,000,000,000 of 92-day Treasury bills, dated July 28 and maturing Oct. 28, 1943, the Treasury disclosed the following results on July 26:

The details of this issue are as follows:

Total applied for—$1,373,786,000.

Total accepted — $1,002,819,000 (includes $48,779,000 entered on a fixed-price basis at 99.905 and accepted in full).

Range of accepted bids:

High—99.910 equivalent rate of discount approximately 0.376% per annum.

Low—99.904 equivalent rate of discount approximately 0.376% per annum.

Average price—99.904 equivalent rate of discount approximately 0.374% per annum.

(75% of the amount bid for at the low price was accepted).

There was a maturity of a similar issue of bills on July 28 in amount of $901,753,000.

Regarding the results of the previous week's offering of 92-day bills, dated July 21 and maturing Oct. 21, the Treasury issued the following details on July 19:

Total applied for—$1,520,429,000.

Total accepted — $1,003,796,000 (includes $70,638,000 entered on a fixed-price basis at 99.905 and accepted in full).

Range of accepted bids:

High—99.910 equivalent rate of discount approximately 0.352% per annum.

Low—99.904 equivalent rate of discount approximately 0.376% per annum.

Average price—99.905 equivalent rate of discount approximately 0.374% per annum.

(61% of the amount bid for at the low price was accepted).

There was a maturity of a similar issue of bills on July 21 in amount of $905,584,000. With this offering the Treasury departed from its usual policy of realizing approximately $200,000,000 in "new money" weekly from the bill sales.

With respect to the previous offering of bills, dated July 14 and maturing Oct. 14, the Treasury disclosed the following results:

Total applied for___$1,344,535,000
Total accepted_____ *1,000,411,000

*Includes $68,564,000 entered on a fixed-price basis at 99.905 and accepted in full.

Range of accepted bids:

High, 99.925—Equivalent rate of discount aproximately 0.293% per annum.

Low, 99.904—Equivalent rate of discount approximately 0.376% per annum.

Average, 99.904 — Equivalent rate of discount approximately 0.374% per annum.

(73% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on July 14 in amount of $803,925,000.

Canadian Member Of Life Sales Research Bureau

The Life Insurance Sales Research Bureau, Hartford, Conn., announced on July 22 that it has accepted for membership the application of the Canadian Branch of the Prudential Assurance Company of London, which is one of the great companies of the world, with $4,313,000,000 insurance in force. The Canadian Branch, which is located in Montreal, is under the direction of Frank C Capon, as Life Manager for Canada. A. C. Galbraith is the Manager of Life Agencies for Canada. This brings the Bureau membership up to 131, of which 102 companies are located in the United States, 19 in Canada, and 10 associate members in the following countries: Argentine Republic, Brazil, India, Mexico, and Sweden.

NYSE Short Interest Lower On June 30

The New York Stock Exchange announced on July 14 that the short interest as of the close of business on the June 30 settlement date, as compiled from information obtained by the Stock Exchange from its members and member firms, was 879,575 shares, compared with 980,047 shares on May 28, both totals excluding short positions carried in the odd-lot account of all odd-lot dealers. As of the June 30 settlement date, the total short interest in all odd-lot dealers' accounts was 32,630 shares, compared with 33,589 shares, on May 28.

The Exchange's announcement further said:

"Of the 1,231 individual stock issues listed on the Exchange on June 30, there were 56 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.

"The number of issues in which a short interest was reported as of June 30, exclusive of odd-lot dealers' short positions, was 607 compared with 647 on May 28."

In the following tabulation is shown the short interest existing at the close of the last business day for each month for the last two years:

1941—	
June 30	478,859
July 31	487,169
Aug. 29	470,002
Sept. 30	486,912
Oct. 31	444,745
Nov. 28	453,244
Dec. 31	349,154
1942—	
Jan. 31	460,577
Feb. 27	489,223
Mar. 31	513,546
April 30	530,636
May 29	534,396
June 30	514,158
July 31	*517,422
Aug. 31	532,867
Sept. 30	548,365
Oct. 30	558,446
Nov. 30	551,053
Dec. 31	501,833
1943—	
Jan. 29	579,394
Feb. 26	663,750
Mar. 31	774,871
April 30	882,376
May 28	980,047
June 30	879,575

*Revised.

Interim Food Comm. Organized For Study

The United Nations' Interim Commission on Food and Agriculture has chosen L. B. Pearson, Minister Counsellor of the Canadian Legation, as its Chairman and has elected Pavel I. Tchegula, of the Russian Purchasing Commission, and Tsou Ping-Wen, of Chinese Ministry of Food, as Vice Chairmen.

The Commission is an international agency, set up in June by the 44 governments participating in the Food Conference at Hot Springs, Va., to create a permanent world food organization.

Various committees have also been formed, consisting of representatives of both the large and small nations, to work out the plan for a permanent organization and to draft a proposed declaration of agreement by the participating nations.

The Interim Commission held its first meeting in Washington on July 15 at which the United States recommended that the body formulate plans and programs for the rapid transition and conversion for war production to post-war expansion of food production. The U. S. also suggested "appraisal of the immediate problems of agricultural credit and finance" and the development of "plans for a program that will provide a long-term capital pool for international developments, production and other purposes."

On July 6 advices to the "Herald Tribune" from Washington stated that it was learned that the meeting of the Interim Commission, following its opening on July 15, would probably be in session for from two to five months, drawing up a plan for the organization of a permanent United Nations Food Board.

Plans for this meeting were noted in our issue of July 15, page 205.

Fed. Home Loan Banks Maintaining High War Bond Records

Nearly 650 of the member thrift institutions of the Federal Home Loan Bank System are selling War Bonds and Stamps at a rate equal to more than 1% of their assets every month, James Twohy, Governor of the System, announced on July 10. The System's "Honor Roll," consisting of member institutions which have maintained that record consistently this year, numbered 649 at the end of May, it is announced. This list of savings and loan associations and similar institutions is published in the July issue of the Federal Home Loan Bank "Review."

Of those institutions, 291 had sold double the amount required for inclusion on the "Honor Roll," according to the "Review." One member institution—the First Federal Savings and Loan Association of Chicago—has sold $6,808,000 in bonds and stamps since Jan. 1, equivalent to 56% of its assets. Its May total amounted to $2,315,000. The Haller Association of the same city, a smaller institution, has reported sales equal to nearly 300% of its resources since Jan. 1.

Hundreds of other member institutions of the Federal Home Loan Bank System have made outstanding records in the campaign, although not qualifying for the "Honor Roll" in a percentage basis. Up to May 31, members of the System had sold, or purchased, for their own accounts, an aggregate of more than $710,000,000 in War Bonds and other Government securities.

Inter-American Bar Group To Meet In Rio

A United Nations constitution and bill of rights will be among the chief topics of discussion when delegates from 65 American bar associations meet at Rio de Janeiro on Saturday (Aug. 7) for the second conference of the Inter-American Bar Association, according to the Office of the Coordinator of Inter-American Affairs.

The conference, which coincides with the 150th anniversary of the founding of the Brazilian Bar Association, will be formally opened by President Getulio Vargas. It is scheduled to last five days.

Delegates will likewise consider laws for the military government of occupied countries, punishment of war criminals by military tribunals and the creation of a United Nations court system and police force to curb international lawlessness. In the inter-American sphere, the conference is expected to make recommendations dealing with the settlement of disputes by arbitration.

The conference's agenda also calls for discussion of legislation affecting immigration and naturalization, taxation, collection of international judgments, communications, copyrights and patents, property and other matters of international scope.

Charges New Deal Fosters 'Fascist Planned Economy'—Says Pres. Hopes For Life Term

(Continued from first page)

Roosevelt dealt team work and national unity a dismal blow.

No president has ever had the unity that was Mr. Roosevelt's in early 1933. In December, 1942, he had the same complete unity.

Instead of pulling the country together as Commander-in-Chief—to face the greatest military effort of our lives—Candidate Roosevelt is pushing us farther apart on domestic issues. We have only unity of the shotgun wedding variety in high Administration circles.

We are winning the war. But we are like the football team that has been slow to get started. We are now in the third quarter. The enemy is tiring fast and has no reserves.

If we keep up our hard driving pace we don't give the enemy a chance to catch his second wind.

Therefore we need unity and team work to get the full advantage of our immense superiority in men and materials.

If our drive slackens—if we fumble—if our intensified efforts are diverted by domestic bitterness the victory punch will be delayed. It is even possible that it may slip from our grasp.

That is the disturbing factor of Vice President Wallace's indiscriminate invective in Detroit. As one of the opening guns in a vital Presidential campaign he did not meet issues as issues—facing them frankly and openly and honestly with cold facts to lay before the judgment of the American people.

He sought to avoid clear-cut issues by hurling hard names at everybody including his fellow Democrats who are asking embarrassing questions about the notorious failures of the Roosevelt Administration.

He extended himself to hide facts behind the curtain of blind hate—of unthinking distrust and suspicion.

He struggled to kill judgment —not to call it forth.

And yet—intelligent, honest unemotional judgment is the only weapon which, in the hands of the ordinary citizens, can keep alive the blessings of liberty in any government of truly free men.

Schisms and hatred stalk the land. Hunger too rides close behind, if the present policies are continued. The appalling specter of uncontrolled inflation threatens. Disorder is increasing. Something is always going wrong with the planners' theories. The President refuses to obey certain laws enacted by Congress. Our government is being run too largely on the premise of threat and fear and secrecy.

The bitter controversies so deplorably characteristic of the administration are the results of life-term ambition. It is upon the meat of confusion that it feeds.

The Administration has abandoned the original New Deal. In other words, the post-war plans of the palace bureaucrats are to relieve the business of all responsibility. And to relieve organized labor of all responsibility. And to relieve the farmer of all responsibility. And to relieve the elected representatives of the people in the Congress of all responsibility.

That is the Fascist theory of a planned economy. It is the only New Deal answer to the unsolved problems of unemployment, poverty and mass machine production. It is necessary to remember —despite the propaganda of the Vice President—that the only way the New Deal was able to make a dent on the unemployment problem of this administration was by a $300,000,000,000 war production—and the draft.

With camp meeting fervor, the Vice President condemned economics of scarcity.

He was beclouding instead of clarifying the issue.

He carefully avoided mentioning the record which shows that it was the bureaucratic planners who sprang the idea of creating artificial scarcities of food and clothing by restricting production.

The mainspring in the New Deal watch of screwy economy was to kill the little pigs—to plow cotton under to restrict the planting of wheat even as late as this year.

Mr. Wallace also chose to forget that we are paying in topheavy taxes today—and increased prices for foods and clothing—for those dreary years in which we subsidized idle land —idle manpower and idle ambition.

Aside from our war the most urgent and stupendous problem confronting the American people is winning the peace—at home.

This is of greater importance than international solidarity. All important as that is now in the future. Because unless we get our domestic post-war plans in tip-top shape we will not have the strength to assist in spreading peace forevermore in the world at large.

After the war we shall face a very difficult task to convert this country to a sound and functioning peacetime basis. That is when the left wing of the New Deal with its overweening desire to regulate, expects to permanently establish State Socialism.

We are now witnessing the preview of life as it will be permanently under the New Deal—gone-to-seed — an arbitrary bureaucracy resulting in Nazism or Fascism—the death knell of individual freedom. The domineering attitude of New Deal bureaucrats who conduct themselves as masters rather than servants of the people—their contempt for any law but their own decrees made in secret, without enlightening Congressional debate—the delight they take in ordering the people around—in fact, their contemptuous attitude for the people —is being demonstrated daily.

The utter fallacy of permanently governing and regulating a country of this size and diversity of interests by muddling Washington bureaucrats is being proved before our very eyes.

That is, if the one-mulers, the independent farm owners, the independent business man, the labor leaders, the middle class—are to exist. Of course, it is not wholly fair to take the present as an example of the planner's ultimate rule, because according to their plans they do not intend to be bothered with the "one-mulers of this country," any more than the Russian or German bureaucrats were.

The small but dominant group of New Dealers does not expect to eliminate the middle class or the "one-mulers" with the firing squads as did the communists. Their plans really come closer to the early days of Hitler with the "one-mule" class eliminated through deficit financing, and business, labor and agriculture managed by the national government from Washington.

Wallace pants in theatrical horror of some mysterious and unnamed scoundrels whom he labels "American Fascists."

All right—what is Fascism?

Fascism is fundamentally nothing but the philosophy that political officeholders should run the people, instead of the people running the political officeholders.

The New Deal represents the first time in American history that we have been told brazenly that Washington bureaucrats know more about how each of us should live and eat and work —how we should earn and spend our money—that Washington bureaucrats know more about how much liberty is good for us —than we do ourselves.

Fascism is government management of the total domestic economy of a nation.

Who, then, are the real fascists in American life today?

The Nazi theory of government forms the basic post-war issue on the outcome of which stability of business, employment and agriculture depends. Yes, the very life of the republic itself.

Can a greater blight be imagined than that to the business man and the farmer, who is planning for post-war production and employment—or to free and independent labor unions?

Can a greater blight be imagined to the future of the boys and girls who are returning from service to their country than to have our business, labor and agriculture managed by Washington bureaucrats? Let's stick to the record. They march away to fight fascism and they come back to—what?

There were more Americans on the humiliating dole in 1939 than at any time in our history. Mr. Roosevelt had been unable to solve the unemployment problem in six years and with lots of billions of dollars.

It was not until the war orders started pouring in from Europe in the fall of 1939 and the draft of 1940 followed by our own war production that Mr. Roosevelt had the unemployment problem solved for him.

Is that a record that entitled the Vice President to call everyone that's not a New Dealer a crook?

To the charges made by Democratic Congressmen on committee after committee—charges of appalling administration bungling—the Vice President has not a word to say. His only answer is to feed the fires of agitation by calling everyone else a crook.

Let's stick to the record. When you come to think about it, isn't that the only explanation the New Deal bureaucrats have ever given for the fact that something is always happening to their irridescent plans?

The pot of gold at the end of the New Deal rainbow never materialized for millions and millions on the dole.

It is characteristic of an Administration representative to make glowing references to laudable future plans. But what about now? What about the Administration's failure to plan decent housing conditions for war workers? We will be lucky if we escape terrible epidemics as a direct result of that. Our tragic, tense race situation is a further direct result of that failure, and the President burying for so long his committee on fair employment practice.

These are some concrete questions the Vice President could have discussed in Detroit. Instead of clarifying, he evaded them by the same old tactics of the master politician in the White House, by a glowing discussion of problems far from the present and far from the home front.

What a contrast to Prime Minister Churchill, who never promises the English people anything but toil; while Mr. Roosevelt is always promising the American people a piece of pie, by-and-by— on the cuff.

The shadow of a notably bitter election that will mean either the eclipse of the fascist New Dealers —or the American republic—is already appearing over the land.

The Republican Party and real Democrats are the only representatives of the great liberal principles of Jefferson, as they are being given force and vitality under the Republican leadership.

And the high ideals of freedom for all peoples will be nothing but "promises written on water" if the fascist New Dealers win this battle against the one-mulers.

Crawford Says Industry Accepts President's Nomination As Job Provider

(Continued from first page)

sufficient funds to reconvert, as the President forecast earlier last week, 'from a war economy to peacetime operation.' The earnings which industry should set aside to pay for this reconversion and for the resumption of peacetime operations, are being taxed away or renegotiated away from private industry almost as fast as they are earned. Unless industry can first bring together the money which must be employed, it can not bring together the men who want employment. That should be plain beyond dispute.

"Further, if industry which has not been permitted to accumulate sufficient post-war reserves, is told to go to the capital markets for its needs, the same necessity appears in another form. Capital is reluctant. It is not the reluctance of a few plutocrats, but the reluctance of an investing public of millions of ordinary citizens.

"A recent report shows that for 1942 the total number of stockholders in the United States was almost 10,000,000. They don't think of their money as capital, but as their lifetime savings; and they won't risk it with taxes mopping up earnings, and when they don't know what is going to be done to the currency or the public debt.

"Further, in view of the growth of monopolistic practises among labor, there is need for the Congress to change the economic climate by establishing a fair labor policy for the nation. The public has already indicated a growing recognition that monopoly is against the public interest when labor practises it, just as much as when capital does it.

"The capital of which I have been speaking also needs assurance that it will not be in peacetime competition with the $12,000,000,000 of government-owned plants and manufacturing facilities, or with the post-war clearance sale of government surpluses of goods.

"Enterprise also needs assurance that the wartime controls of materials, wages, prices and rationing will come off as the need for deflecting industry into wartime production is eased off, and as the danger of an inflationary scramble for goods is abated. It is encouraging that the President, in his speech, announced the lifting of the first wartime control on coffee.

"The only peacetime basis on which industry can hope to provide full employment is under a free enterprise system whereby men, materials and money draw pay according to their performance; and in which the government makes and polices only such rules as are necessary for the maintenance of fair and free competition and a fair and free pricing.

"Under such circumstances, we can plan our return to a steadily increasing productivity, which has been our only way of raising the American standard of living. The pent-up demand for goods and services, and the accumulated money savings of the public, present an unlimited opportunity. But until fair wages, fair profits and fair prices permit the making of more goods and services and still more and still more, there can never be sufficient jobs.

"The only other way to provide jobs to which the President does not seem to look forward any more than we, is a program of 'made' work which the government would not otherwise undertake. These 'made' jobs lower the standard of living because they equip the workers to take up goods and services without contributing anything of equal desirability to those who made the goods and services.

"If there is to be full employment at productive labor, private industry must provide it. It is planning to do so."

Global Alphabet Is Devised By Owen

Using 41 novel symbols and holding 16 others in reserve, former United States Senator Robert L. Owen of Oklahoma has developed a global alphabet he thinks capable of breaking down language barriers.

This was reported in an Associated Press Washington despatch of July 28, published in the New York "Sun" which went on to say:

"Through it I can teach any reasonably intelligent man Chinese in two months," he said. "It is a means by which we can teach the English language to all the world at high speed and negligible cost. It will pay its own way."

Although at first glance Mr. Owen's alphabet resembles some shorthand systems, he said it is entirely different. His is based on 18 vowel sounds, 18 consonants and five double consonants— "ch," "sh," "th," "ng" and "wh." The 41 regular letters are little hooks and wiggles and slashes and curves.

In case it develops that some tongue contains sounds not capable of expression by the 41, Mr. Owen has 16 orthographic substitutes, chiefly angular.

Mr. Owen at 87 is blind—a handicap he scoffs at.

"I just dictated them to my secretary, by metes and bounds," he explained. "In my mind, I would picture a square, and describe to her how the character should fit into its limits."

("Metes and bounds" is a surveyors' term, used to describe the outlines of an inclosure.)

A former Indian agent for the five civilized tribes in Oklahoma, Mr. Owen was inspired by Sequoia, who in 1823 invented an 85 character alphabet which enabled his Cherokee tribesmen to learn quickly to write their own language.

An outline of the system was printed recently as Senate Document No. 49 at the request of Senator Thomas (D.-Okla.). Illustrations show the global alphabet standing in for the conventional Roman letters, for those of Greek, Japanese, and Cherokee Indian, and for Chinese sounds.

Mr. Owen said his shorter, phonetic word forms would save paper, ink, and postage and simplify spelling, and with their defined pronunciation would tend to end or limit dialects.

In announcing that the copyrighted system would be "my free gift to the world," Mr. Owen stressed this:

"The global alphabet comprises a mechanical agency through which to make effective the dreams of the great men now leading the people of the United Nations in a struggle for peace, abundance, goodwill, justice and happiness. The four freedoms, the Atlantic Charter, the Twentieth century economic policy adopted by the London Chamber of Commerce could be quickly put before the world."

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Aug. 3	120.19	111.25	119.20	117.00	111.44	99.04	103.13	114.03	117.20
2	120.19	111.25	119.20	117.00	111.44	99.04	103.13	114.08	117.20
July 31	120.18	111.44	119.41	117.00	111.62	99.04	103.30	114.08	117.20
30	120.18	111.44	119.41	117.00	111.62	99.04	103.30	114.03	117.20
29	120.18	111.44	119.41	117.00	111.62	99.04	103.30	114.08	117.20
28	120.26	111.25	119.20	117.00	111.44	99.20	103.30	114.27	117.20
27	120.36	111.25	119.20	117.00	111.44	99.20	103.47	114.08	117.20
26	120.49	111.25	119.20	116.80	111.44	99.36	103.47	114.08	117.00
24	120.52	111.25	119.20	116.80	111.44	99.36	103.47	114.08	117.20
23	120.51	111.25	119.20	116.80	111.44	99.20	103.30	114.08	117.00
22	120.27	111.25	119.41	116.80	111.44	99.20	103.30	114.03	117.20
21	120.14	111.25	119.20	116.80	111.44	99.20	103.30	114.08	117.20
20	120.24	111.25	119.20	116.80	111.44	99.20	103.30	114.08	117.20
19	120.36	111.25	119.20	116.80	111.44	99.20	103.13	114.27	117.20
17	120.43	111.25	119.20	116.80	111.44	99.20	103.13	114.27	117.20
16	120.46	111.25	119.20	116.80	111.44	99.20	103.13	114.08	117.20
15	120.56	111.25	119.20	116.80	111.44	99.20	103.13	114.08	117.20
14	120.63	111.25	119.20	116.80	111.44	99.04	103.13	114.08	117.00
13	120.64	111.07	119.00	116.61	111.25	99.04	102.96	114.08	117.00
12	120.78	111.07	119.20	116.61	111.25	98.88	102.96	114.08	116.80
10	120.77	111.07	119.20	116.41	111.25	98.88	102.96	114.08	116.80
9	120.73	111.07	119.20	116.61	111.25	98.88	102.80	114.08	117.00
8	120.75	110.88	119.00	116.61	111.25	98.57	102.80	113.89	116.80
7	120.79	110.88	119.00	116.41	111.25	98.57	102.80	113.89	116.80
6	120.87	110.88	119.00	116.22	111.25	98.57	102.63	113.70	116.80
5	EXCHANGE CLOSED								
3	120.78	110.70	118.80	116.22	111.25	98.25	102.46	113.70	116.61
2	120.75	110.70	118.80	116.22	111.25	98.25	102.46	113.70	116.61
1	120.71	110.70	118.80	116.22	111.25	98.41	102.46	113.89	116.61
Jun 25	120.41	110.70	118.80	116.22	111.07	98.09	102.46	113.70	116.61
18	120.15	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
11	119.99	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
4	119.92	110.34	118.40	115.82	111.07	97.78	102.30	113.50	116.02
May 28	119.82	110.34	118.20	115.82	110.88	97.78	102.30	131.31	115.82
21	119.44	110.15	118.20	115.82	110.70	97.47	101.97	113.12	115.82
14	119.27	109.97	118.00	115.63	110.70	97.47	101.80	113.12	115.82
7	119.03	109.79	118.00	115.43	110.52	97.16	101.47	112.93	115.82
Apr. 30	118.36	109.79	118.00	115.43	110.34	97.00	101.31	113.12	115.63
22	118.22	109.60	118.00	115.43	110.34	96.69	100.98	113.12	115.82
16	118.06	109.60	117.80	115.43	110.52	96.38	100.81	112.93	115.63
9	117.48	109.60	117.80	115.43	110.52	96.69	100.98	113.12	115.63
Mar. 26	116.93	109.60	117.80	115.43	110.52	96.23	100.65	113.12	115.63
Feb 26	117.11	109.24	117.60	115.43	110.15	95.47	100.00	112.93	115.43
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
High 1943	120.87	111.44	119.41	117.00	111.62	99.36	103.47	114.27	117.20
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago Aug. 3, 1942	118.03	106.92	116.61	113.31	108.16	91.77	95.92	111.44	114.27
2 Years ago Aug. 2, 1941	119.54	107.98	118.40	115.24	108.52	92.23	97.62	112.00	115.24

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
Aug. 3	1.84	3.10	2.69	2.80	3.09	3.81	3.56	2.95	2.79
2	1.84	3.10	2.69	2.80	3.09	3.81	3.56	2.95	2.79
July 31	1.84	3.09	2.68	2.80	3.08	3.81	3.55	2.95	2.79
30	1.84	3.09	2.68	2.80	3.08	3.81	3.55	2.95	2.79
29	1.84	3.09	2.68	2.80	3.08	3.81	3.55	2.95	2.79
28	1.83	3.10	2.69	2.80	3.09	3.80	3.55	2.94	2.79
27	1.83	3.10	2.69	2.80	3.09	3.80	3.54	2.95	2.79
26	1.82	3.10	2.69	2.81	3.09	3.79	3.54	2.95	2.80
24	1.81	3.10	2.69	2.81	3.09	3.79	3.54	2.95	2.79
23	1.81	3.10	2.69	2.81	3.09	3.80	3.55	2.95	2.80
22	1.83	3.10	2.68	2.81	3.09	3.80	3.55	2.95	2.79
21	1.84	3.10	2.69	2.81	3.09	3.80	3.55	2.95	2.79
20	1.84	3.10	2.69	2.81	3.09	3.80	3.55	2.95	2.79
19	1.83	3.10	2.69	2.81	3.09	3.80	3.56	2.94	2.79
17	1.82	3.10	2.69	2.81	3.09	3.80	3.56	2.94	2.79
16	1.82	3.10	2.69	2.81	3.09	3.80	3.56	2.95	2.79
15	1.81	3.10	2.69	2.81	3.09	3.80	3.56	2.95	2.79
14	1.81	3.10	2.69	2.81	3.09	3.81	3.56	2.95	2.80
13	1.81	3.11	2.70	2.82	3.10	3.81	3.57	2.95	2.80
12	1.80	3.11	2.69	2.82	3.10	3.82	3.57	2.95	2.81
10	1.80	3.11	2.69	2.83	3.10	3.82	3.57	2.95	2.81
9	1.80	3.11	2.69	2.82	3.10	3.82	3.58	2.95	2.80
8	1.80	3.12	2.70	2.82	3.10	3.84	3.58	2.96	2.81
7	1.79	3.12	2.70	2.83	3.10	3.84	3.58	2.96	2.81
6	1.79	3.12	2.70	2.84	3.10	3.84	3.59	2.97	2.81
5	EXCHANGE CLOSED								
3	1.80	3.13	2.71	2.84	3.10	3.86	3.60	2.97	2.82
2	1.80	3.13	2.71	2.84	3.10	3.86	3.60	2.97	2.82
1	1.80	3.13	2.71	2.84	3.10	3.85	3.60	2.96	2.82
Jun 25	1.82	3.13	2.71	2.84	3.11	3.87	3.60	2.97	2.82
18	1.84	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83
11	1.87	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83
4	1.87	3.15	2.73	2.86	3.11	3.89	3.61	2.98	2.85
May 28	1.88	3.15	2.74	2.86	3.12	3.89	3.61	2.99	2.86
21	1.90	3.16	2.74	2.86	3.13	3.91	3.63	3.00	2.86
14	1.92	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.86
7	1.93	3.18	2.75	2.88	3.14	3.93	3.66	3.01	2.86
Apr. 30	1.98	3.18	2.75	2.88	3.15	3.94	3.67	3.00	2.87
22	1.99	3.19	2.75	2.88	3.15	3.96	3.69	3.00	2.86
16	2.00	3.19	2.76	2.88	3.14	3.98	3.70	3.01	2.87
9	2.04	3.19	2.76	2.89	3.14	3.96	3.69	3.00	2.87
Mar. 26	2.08	3.19	2.76	2.88	3.14	3.99	3.71	3.00	2.87
Feb 26	2.06	3.21	2.77	2.88	3.16	4.04	3.75	3.01	2.88
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.08	3.79	3.54	2.94	2.79
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago Aug. 3, 1942	2.01	3.34	2.82	2.99	3.27	4.29	4.01	3.03	2.94
2 Years ago Aug. 2, 1941	1.90	3.23	2.73	2.89	3.25	4.26	3.90	3.06	2.89

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

National Fertilizer Association Commodity Price Index Again Unchanged

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on Aug. 2, remained unchanged for the second consecutive week. This index, in the week ended July 31, registered 134.6% of the 1935-1939 average, the same as in the preceding week. A month ago it was 134.8 and a year ago it 129.3. The Association's report went on to say:

Although there was a fractional decline in the foods group, the advance in the farm products group was enough to hold the general index to the same level as it was in the preceding week. Last week changes in the farm products group were evenly balanced as to number with 5 advances and 5 declines. The quotations for livestock, however, were sufficiently higher to offset the declines in grain prices. The food price index advanced fractionally this week because of rising quotations for eggs and oranges which offset the drop in the potato price. All other groups with the exception of textiles remained unchanged for the ninth consecutive week.

Once more the changes in the index were evenly balanced with six declines and six advances; in the preceding week there were six declines and five advances; and in the second preceding week there were seven declines and five advances.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week July 31,	Preceding Week July 24,	Month Ago July 3,	Year Ago Aug. 1,
25.3	Foods	137.7	137.8	138.3	128.3
	Fats and Oils	145.1	145.1	145.1	139.6
	Cottonseed Oil	159.0	159.0	159.0	160.7
23.0	Farm Products	153.1	152.3	152.7	136.9
	Cotton	198.1	198.1	201.0	176.8
	Grains	144.0	144.5	148.1	111.9
	Livestock	147.8	146.2	145.3	135.9
17.3	Fuels	122.8	122.8	122.8	125.4
10.8	Miscellaneous commodities	130.1	130.1	130.1	127.0
8.2	Textiles	150.9	150.9	151.3	147.2
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.6	152.6	152.6	151.5
1.3	Chemicals and drugs	126.6	126.6	126.6	120.7
.3	Fertilizer materials	117.7	117.7	117.7	117.9
.3	Fertilizers	119.8	119.8	119.8	115.3
.3	Farm machinery	104.1	104.1	104.1	104.1
100.0	All groups combined	134.6	134.6	134.8	129.3

*Indexes on 1926-1928 base were July 31, 1943, 104.9; July 24, 104.9; and Aug. 1, 1942, 100.7.

Electric Output For Week Ended July 31, 1943, Shows 15.8% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended July 31, 1943, was approximately 4,226,705,000 kwh., compared with 3,649,146,000 kwh. in the corresponding week last year, an increase of 15.8%. The output for the week ended July 24, 1943, was 15.7% in excess of the similar period of 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended July 31	July 24	July 17	July 10
New England	6.70	9.3	11.3	*0.8
Middle Atlantic	17.6	17.5	19.0	12.0
Central Industrial	14.1	13.6	13.0	9.1
West Central	14.2	12.3	13.5	8.2
Southern States	16.0	17.6	22.0	18.7
Rocky Mountain	16.5	10.2	11.1	11.1
Pacific Coast	21.1	20.6	23.4	19.5
Total United States	15.8	15.7	17.4	14.3

* Decrease from 1942.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
Apr 3	3,889,858	3,348,608	+16.2	2,959,646	1,465,076	1,633,291
Apr 10	3,882,467	3,320,858	+16.9	2,905,581	1,480,738	1,696,543
Apr 17	3,916,794	3,307,700	+18.4	2,897,307	1,469,810	1,709,331
Apr 24	3,925,175	3,273,190	+19.9	2,950,448	1,454,505	1,699,822
May 1	3,866,721	3,304,602	+17.0	2,944,906	1,429,032	1,688,434
May 8	3,903,723	3,365,208	+16.0	3,003,921	1,436,928	1,698,942
May 15	3,969,161	3,356,921	+18.2	3,011,345	1,435,731	1,704,426
May 22	3,992,250	3,379,985	+18.1	3,040,029	1,425,151	1,705,460
May 29	3,990,040	3,322,651	+20.1	2,954,647	1,381,452	1,615,085
Jun 5	3,925,893	3,372,374	+16.4	3,076,323	1,435,471	1,689,925
Jun 12	4,040,376	3,463,528	+16.7	3,101,291	1,441,532	1,699,227
Jun 19	4,098,401	3,433,711	+19.4	3,091,672	1,440,541	1,702,501
Jun 26	4,120,038	3,457,024	+19.2	3,156,825	1,456,961	1,723,428
July 3	4,110,793	3,424,188	+20.1	2,903,727	1,341,730	1,592,075
July 10	3,919,398	3,428,916	+14.3	3,178,054	1,415,704	1,711,625
July 17	4,184,143	3,565,367	+17.4	3,199,105	1,433,993	1,727,225
July 24	4,196,357	3,625,645	+15.7	3,220,526	1,440,386	1,732,031
July 31	4,226,705	3,649,146	+15.8	3,263,082	1,426,986	1,724,728

Steel Activity Increases—Shipbuilding Program Larger Next Year—Demand Slower

". . . As United States military forces this week pushed their new programs for offensive weapons, the national ingot production rate moved up one-half a point, the 'Share the Steel' campaign achieved large new gains, and there were indications that the battered civilian economy, now a source of concern in Washington, might be favored with some additional steel," the "Iron Age" states in its issue of today (Aug. 5), further going on to say in part:

"Topping the recent military supply projects mentioned a week ago, steel sellers this week were excited by reports concerning a vastly enlarged program for steel landing field mats. Orders for steel piling were on the increase. Further evidence bearing upon demand for steel plates came out with the Roosevelt statement that the shipbuilding program will be larger next year than this year.

"The latest program, plus the tendency of war goods makers to place orders for steel as far ahead as possible, have loaded mill books far into the future. Aside from orders that might be placed where cancellations occur, there are now no openings on the books of some mills for the remainder of this year and schedules for the first quarter of next year are filling at a fast rate. The critical situation that existed on alloy bars some weeks ago is reported pretty well cleaned up, but carbon steel bars have taken this critical spot.

"Meanwhile, the WPB drive to put steel to use from inventories met with results above expectations. One forge shop alone was reported to have released 8,000 tons of steel bars while another cancelled the equivalent of three months' supply of steel.

"Recovery of about 820,000 tons of steel through cancellations of allotments in the third and fourth quarters was reported on Aug. 3 at Washington. This total exceeded official hopes expressed last week that the drive would net around 650,000 tons. Actually, recovery from inventories may go higher.

"The cancelled allotments are divided 80% in the third quarter and 20% in the fourth quarter. About 75% of the total is carbon steel with the remainder being alloy steel.

"Adjustment of war goods contracts continues. Indications now are that the ammunition program is moving toward more consistent stabilization.

"An interesting development turned up in late July at steel mills, which received form letters from WPB notifying them of preferred positions on order books within specific programs. Mills were given the relative order in which production was wanted on steel for the synthetic rubber and high octane gasoline programs when more than one booking in either field was on company schedules for any month."

The American Iron and Steel Institute on Aug 2, announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 98.3% of capacity for the week beginning Aug. 2, compared with 98.0% one week ago, 96.6% one month ago and 95.8% one year ago. This represents an increase of 0.3 point or 0.3% from the preceding week. The operating rate for the week beginning Aug. 2 is equivalent to 1,702,200 tons of steel ingots and castings, compared to 1,697,000 tons one week ago, 1,672,800 tons one month ago, and 1,639,200 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Aug. 2 stated in part as follows:

"With most steelmakers booked through this year and into 1944 it seems probable that the heavy buying of July will not be repeated in August.

"Important programs are being formulated for first half but a temporary lull is likely while they are being completed. The sudden turn of events in Italy has injected an element of uncertainty which may retard freezing of plans for the immediate future and possibly result in shifting of schedules already set up.

"The general opinion is that the ship and airplane programs will continue without interruption. It is too early for definite changes following the Italian situation and what line they will take is entirely a matter of conjecture. In any event steel consumption will continue at top speed and no lessening of production can be seen.

"Principal factor in the expected slower buying of the next few weeks is the extent to which output already is covered and needs of war industries provided for.

"Most plate mills are practically out of the market for the remainder of the year but in contrast structural mills have difficulty getting tonnage for September rolling. Position of fabricators is complicated by this spread in deliveries and they find difficulty in scheduling such work as they are able to book. Bar deliveries are a further problem, as late November is now about the best that can be obtained on current business.

"Orders for fabricated steel in June, at 99,418 net tons, were the largest for any month since July, 1942, when they totaled 125,243 tons. In June, 1942, they were 184,516 tons, as shown by statistics of the American Institute of Steel Construction. June shipments were 77,584 tons, a new low, compared with 88,463 tons shipped in May."

Moody's Daily Commodity Index

Tuesday, July 27	244.1
Wednesday, July 28	244.1
Thursday, July 29	244.0
Friday, July 30	243.8
Saturday, July 31	243.3
Monday, Aug. 2	244.4
Tuesday, Aug. 3	244.7
Two weeks ago, July 20	243.3
Month ago, July 3	245.0
Year ago, Aug. 3	230.1
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, April 1	249.8
Low, Jan. 2	240.2

Weekly Coal Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended July 24, 1943 is estimated at 12,100,000 net tons, an increase of 300,000, or 2.5%, over the preceding week. Output in the corresponding week of 1942 amounted to 11,055,000 tons. For the present year to July 24, soft coal production is but 0.7%, or 2,277,000 tons, above that for the same period last year.

The U. S. Bureau of Mines estimated that the total production of Pennsylvania anthracite for the week ended July 24, 1943 was 1,326,000 tons, which compares with a pre-strike average of about 1,350,000 tons. Output in the week ended July 17, 1943 amounted to 1,338,000 tons, while in the week ended July 25, 1942 it totaled 1,230,000 tons.

ESTIMATED UNITED STATES PRODUCTION OF COAL
WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM
(In Net Tons—000 Omitted.)

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	July 24, 1943	†July 17, 1943	July 25, 1942	‡July 24, 1943	July 25, 1942	July 24. 1937
Total incl. mine fuel	12,100	11,800	11,055	325,388	323,111	248,853
Daily average	2,017	1,967	1,843	1,870	1,873	1,443
*Crude petroleum—						
Coal equivalent of weekly output	6,597	6,572	5,912	184,880	177,758	160,404

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. (Minerals Yearbook, Review of 1940, page 775.) †Revised. ‡Subject to current adjustment.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					July
State—	July 17, 1943	July 10 1943	July 18, 1942	July 19, 1941	July 17, 1937	Avge. ¶1923
Alabama	403	381	354	344	257	389
Alaska	6	6	5	5	2	**
Arkansas and Oklahoma	96	77	92	31	26	74
Colorado	137	132	114	109	76	165
Georgia and North Carolina	1	1	1	1	††	††
Illinois	1,482	1,310	1,105	1,098	668	1,268
Indiana	548	475	484	400	236	451
Iowa	42	39	41	37	28	87
Kansas and Missouri	153	144	151	131	80	134
Kentucky—Eastern	988	960	946	970	701	735
Kentucky—Western	278	269	226	191	114	202
Maryland	36	34	37	35	23	42
Michigan	8	7	3	2	5	17
Montana (bituminous and lignite)	104	92	71	59	41	41
New Mexico	42	38	31	26	30	52
North and South Dakota (lignite)	33	34	19	17	13	**14
Ohio	620	665	663	655	406	854
Pennsylvania (bituminous)	2,635	2,396	2,818	2,801	2,006	3,680
Tennessee	135	125	148	153	98	113
Texas (bituminous and lignite)	3	2	8	7	19	23
Utah	112	104	111	62	43	87
Virginia	416	417	405	389	242	239
Washington	29	26	35	29	32	37
*West Virginia—Southern	2,356	2,316	2,245	2,317	1,564	1,519
†West Virginia—Northern	968	972	889	828	479	866
Wyoming	167	147	136	117	60	115
‡Other Western States	2	1	††	††	1	**4
Total bituminous and lignite	11,800	11,170	11,139	10,814	7,250	11,208
§Pennsylvania anthracite	1,338	1,238	1,222	1,314	582	1,950
Total all coal	13,138	12,408	12,361	12,128	7,832	13,158

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

Wholesale Commodity Index Unchanged During Week Ended July 24, Says Labor Dept.

The U. S. Department of Labor announced on July 29 that during the week ended July 24 the Bureau of Labor Statistics' index of commodity prices in primary markets remained unchanged at 102.9% of the 1926 average. Weakening markets for farm products, particularly grains and livestock, were offset by higher quotations for fruits, vegetables and eggs.

The Department's announcement further said:

"Farm products and foods. Average prices for farm products during the week dropped to the lowest level since early in May. Grains declined 1.4% with prices for oats and rye off about 5% and wheat 1%. Cotton fell off 0.8%. Lower prices for hogs, steers and cows brought the index for livestock and poultry down 0.9%, while quotations for calves and ewes were considerably higher. The movement in prices for fresh fruits and vegetables was mixed. Potatoes were higher in most markets except New York. Oranges averaged slightly higher while lemons declined. Onions dropped over 6%.

"Following the decline during the preceding week, prices for foods in primary markets moved up 0.5% as a result of higher quotations for fresh beef at New York, for wheat flour, and eggs, and for apples and potatoes in certain markets. Notwithstanding the advance, average prices for foods at wholesale are nearly 1% lower than at this time last month.

"Industrial commodities. Except for higher prices for gasoline, rosin and turpentine, and Office of Price Administration action in making an upward adjustment in ceiling prices on lower grade wooden barrels, industrial commodity markets remained steady during the week."

The following notation is made:

During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for June 26, 1943, and July 25, 1942, and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to July 24 1943 from—		
Commodity groups—	7-24 1943	7-17 1943	7-10 1943	6-26 1943	7-25 1942	7-17 1943	6-26 1943	7-25 1942
All commodities	*102.9	*102.9	*103.0	*103.1	98.4	0	—0.2	+ 4.6
Farm products	*128.8	*125.0	*126.0	*126.2	105.4	—0.2	—1.1	+18.8
Foods	107.0	106.5	107.3	108.0	98.9	+0.5	—0.9	+ 8.2
Hides and leather products	118.4	118.4	118.4	118.4	118.8	0	0	— 0.3
Textile products	96.9	96.9	96.9	96.9	96.8	0	0	+ 0.1
Fuel and lighting materials	81.8	81.6	81.5	81.4	79.5	+0.2	+0.5	+ 2.9
Metals and metal products	*103.8	*103.8	*103.8	*103.9	103.9	0	—0.1	— 0.1
Building materials	110.6	110.6	110.5	110.4	110.1	0	+0.2	+ 0.5
Chemicals and allied products	100.1	100.1	100.1	100.2	96.4	0	—0.1	+ 3.8
Housefurnishing goods	104.4	104.4	104.3	104.3	104.4	0	+0.1	0
Miscellaneous commodities	92.1	91.6	91.6	91.6	89.6	+0.5	+0.5	+ 2.8
Raw materials	*113.3	*113.4	*114.0	*114.2	99.8	—0.1	—0.8	+13.5
Semimanufactured articles	92.7	92.7	92.7	92.7	92.6	0	0	+0.1
Manufactured products	*99.8	*99.6	*99.6	*99.7	98.8	+0.2	+0.1	+ 1.0
All commodities other than farm products	*98.3	*98.1	*98.1	*98.1	96.9	+0.2	+0.2	+ 1.4
All commodities other than farm products and foods	*97.1	*97.0	*96.9	*96.9	95.9	+0.1	+0.2	+ 1.3

*Preliminary.

Civil Engineering Construction $41,154,000 For Week

Civil engineering construction volume in continental U. S. totals $41,154,000 for the week. This volume, not including the construction by military combat engineers, American contracts outside the country, and shipbuilding, is 16% lower than in the preceding week, and 84% below the total for the corresponding 1942 week as reported by "Engineering News-Record" on July 29. Private construction gains 23% over a week ago, but declines 58% from a year ago. Public work is 20 and 86% lower, respectively, than last week and last year as both state and municipal construction and federal volume report declines. The report continues as follows:

The current week's volume brings 1943 construction to $2,062,540,000, an average of $68,751,000 for each of the 30 weeks. On the weekly average basis, 1943 construction is 65% below the $6,106,820,000 for the 31-week period in 1942. Private construction, $255,188,000, is 35% lower than last year, and public work, $1,807,352,000 is down 67% when adjusted for the difference in the number of weeks.

Civil engineering construction volumes for the 1942 week, last week, and the current week are:

	July 30, '42	July 22, '43	July 29, '43
Total U. S. Construction	$259,800,000	$48,969,000	$41,154,000
Private Construction	14,888,000	5,055,000	6,207,000
Public Construction	244,912,000	43,914,000	34,947,000
State and Municipal	10,034,000	6,997,000	3,034,000
Federal	234,878,000	36,917,000	31,913,000

In the classified construction groups, commercial building and large-scale private housing gains over a week ago. All classes of work are below their respective totals of a year ago. Subtotals for the week in each class of construction are: waterworks, $544,000; sewerage, $571,000; bridges, $246,000; industrial buildings, $687,000; commercial building and large-scale private housing, $5,234,000; public buildings, $17,853,000; earthwork and drainage, $367,000; streets and roads, $3,813,000; and unclassified construction, $11,839,000.

New capital for construction purposes for the week totals $954,000, and is made up entirely of state and municipal bond sales. New construction financing for the 30 weeks of 1943, $2,921,188,000, is 68% lower than the $9,500,250,000 reported for the 31-week period in 1942..

Non-Ferrous Metals—Lead Active Because Of Demands For Foreign Metal For Aug. Shipment

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of July 29, stated: "Mussolini's fall was accepted in non-ferrous metal circles as evidence that Italy will withdraw from the war. Fabricators appeared to be more concerned than producers about the probable consequences of this important move. However, opinion leaned to the view that the price structure in major metals is safe just as long as war demands show no signs of slackening. Lead attracted attention during the last week because of heavy demands for foreign metal for August shipment. Manufacturers of semi-fabricated silver products using Treasury silver released under the Green Act have been granted permission by OPA to raise their price schedules to the 71.11c. basis." The publication further went on to say:

Copper

As long as war demands for copper remain large, political developments in Europe are not expected to influence the market, producers believe. But something will have to be done soon about the stockpile program, leaders in the industry maintain.

Production of copper in Sweden is estimated at 18,000 tons a year, indicating that output has been increased in recent years. Production in 1940 was estimated at 13,700 tons.

According to Controlled Materials Plan Regulation No. 4, all warehouse deliveries of brass and wire mill products are banned after Sept. 30 except to fill authorized controlled materials orders. Until that time, a warehouse may fill from stock orders for these products bearing preference ratings of AA-5 or higher, up to 2% of the total quantity of products shipped during the period from April 1, 1943, to June 30, 1943. Previous prohibition against ordering from warehouse stocks brass mill products aggregating more than 2,000 lb. of copper content remains, but wire mill products may now be accepted up to 3,000 lb. per month.

Lead

Interest in lead centered in the meeting held in New York on July 26 to discuss allocations of foreign lead. Call for lead for August delivery from supplies controlled by Metals Reserve was much larger than expected, amounting to about 35,000 tons. Part of this unusual request for lead resulted from the suggestion by WPB for consumers to build up inventories before fall demands on the railroads become heavy. Far more common lead was asked for than conveniently available. A compromise was reached with buyers, which resulted in allocating an even amount of common and corroding lead, the usual premium obtaining on the latter. To supply the August tonnage the stockpile will be called upon for a fair contribution.

Zinc

Allocation certificates for zinc covering the essential needs of the war program for August went into the mail yesterday. The industry looks for no change in policy, with the result that a good tonnage again will be available for the reserve supply. The price situation remains unchanged, Prime Western continuing on the basis of 8.25c., East St. Louis.

Cadmium

The War Production Board on Monday issued Conservation Order M-65-a, as amended, prohibiting the use of cadmium in the production of pigments, except for specific purposes, most of which are military. This action was taken to further conserve supplies of the metal.

Tin

Press accounts to the effect that the cartel section of the Department of Justice is looking into the tin situation, particularly in reference to production quotas fixed under the so-called tin cartel, were viewed in the trade as interesting but of little consequence. The International Tin Committee is a foreign organization in which governments as well as producers have a hand. The scheme at present is innocuous and will remain so for the duration of the war. Anthony Eden signed the international accord in behalf of the United Kingdom. In renewing the agreement last year, it was announced that consumers will be asked to participate in future deliberations, and it is hoped that two representatives from this country will be appointed, one representing the United States government.

Prime Minister Churchill has informed the House of Commons that after the war no British firm shall join a cartel or similar organization for the purpose of restricting production, fixing prices, or allocating markets without prior consent of the government, and added that the terms of any such arrangement will be laid before Parliament for approval before it becomes operative.

The price situation in tin here remains unchanged. Straits quality tin for shipment was as follows:

	July	August	Sept.
July 22	52.000	52.000	52.000
July 23	52.000	52.000	52.000
July 24	52.000	52.000	52.000
July 26	52.000	52.000	52.000
July 27	52.000	52.000	52.000
July 28	52.000	52.000	52.000

Chinese or 99% tin, continues at 51.125c. a pound.

Quicksilver

The labor situation continues to hamper operations in some sections of the country. However, total output of the metal has held up well. Demands remain large. Metals Reserve has been releasing quicksilver to consumers whenever the call for the metal suddenly increases to fill special war orders. Quotations in New York continued at $196@$198 per flask.

Silver

During the last week the silver market in London has been quiet, with the price unchanged at 23½d. an ounce troy.

The New York Official and the Treasury prices were also unchanged at 44¾c. and 35c., respectively.

Manufacturers of semi-fabricated silver products have been authorized by OPA to charge the same prices for products made of Treasury silver sold under the Green Act as they are permitted to charge for items made of newly mined domestic silver. Both classifications of silver sell on the basis of 71.11c. per ounce. (The amendment to the price regulation became effective August 2.)

Daily Prices

The daily prices of electroyltic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Trading On New York Exchanges

The Securities and Exchange Commission made public on July 31 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended July 17, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended July 17 (in round-lot transactions) totaled 7,677,115 shares, which amount was 18.10% of the total transactions on the Exchange of 7,398,000 shares. This compares with member trading during the week ended July 10 of 1,609,681 shares, or 18.12% of total trading of 4,442,840 shares. On the New York Curb Exchange, member trading during the week ended July 17 amounted to 579,305 shares, or 15.34% of the total volume of that exchange of 1,888,145 shares; during the July 10 week trading for the account of Curb members of 423,515 shares was 14.28% of total trading of 1,483,175.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED JULY 17, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	151,790	
‡Other sales	7,246,210	
Total sales	7,398,000	
B. Round Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	644,750	
Short sales	73,390	
‡Other sales	576,180	
Total sales	649,570	8.75
2. Other transactions initiated on the floor—		
Total purchases	431,860	
Short sales	16,640	
‡Other sales	416,430	
Total sales	433,070	5.85
3. Other transactions initiated off the floor—		
Total purchases	246,525	
Short sales	25,750	
‡Other sales	245,590	
Total sales	271,340	3.50
4. Total—		
Total purchases	1,323,135	
Short sales	115,780	
‡Other sales	1,238,200	
Total sales	1,353,980	18.10

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED JULY 17, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	7,125	
‡Other sales	1,881,020	
Total sales	1,888,145	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	155,225	
Short sales	5,185	
‡Other sales	175,915	
Total sales	181,100	8.91
2. Other transactions initiated on the floor—		
Total purchases	63,620	
Short sales	900	
‡Other sales	64,025	
Total sales	64,925	3.40
3. Other transactions initiated off the floor—		
Total purchases	52,670	
Short sales	200	
‡Other sales	61,565	
Total sales	61,765	3.03
4. Total—		
Total purchases	271,515	
Short sales	6,285	
‡Other sales	301,505	
Total sales	307,790	15.34
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	---	
§Customers' other sales	78,952	
Total purchases	78,952	
Total sales	57,740	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Daily Average Crude Oil Production For Week Ended July 24, 1943 Increased 15,600 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended July 24, 1943 was 4,118,700 barrels, a gain of 15,600 barrels over the preceding week and 428,100 barrels per day more than produced in the week ended July 25, 1942. The current figure, however, is 209,800 barrels less than the daily average figure recommended by the Petroleum Administration for War for the month of July, 1943. Daily output for the four weeks ended July 24, 1943 averaged 4,082,250 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 3,973,000 barrels of crude oil daily and produced 11,423,000 barrels of gasoline; 1,409,000 barrels kerosene; 3,896,000 barrels of distillate fuel oil, and 8,366,000 barrels of residual fuel oil during the week ended July 24, 1943; and had in storage at the end of that week 75,714,000 barrels of gasoline; 8,987,000 barrels of kerosene; 35,889,000 barrels of distillate fuel, and 66,992,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

			Actual Production			
	*P. A. W. Recommendations July	*State Allowables Begin. July 1	Week Ended July 24, 1943	Change from Previous Week	4 Weeks Ended July 24, 1943	Week Ended July 25, 1942
Oklahoma	361,400	363,400	†329,950	— 700	332,800	379,050
Kansas	300,000	300,000	†306,150	+12,450	230,000	283,700
Nebraska	2,200	------	†2,200	+ 50	2,150	3,550
Panhandle Texas			90,400	----	90,350	84,900
North Texas			137,700	----	136,850	139,100
West Texas			245,600	----	243,200	211,550
East Central Texas			128,000	----	128,400	87,100
East Texas			371,000	----	365,850	293,150
Southwest Texas			230,000	----	226,900	155,150
Coastal Texas			412,900	----	408,250	253,900
Total Texas	1,727,000	‡1,728,136	1,615,600	----	1,598,800	1,224,850
North Louisiana			85,050	— 200	85,100	95,100
Coastal Louisiana			264,000	----	260,700	229,050
Total Louisiana	331,300	360,300	349,050	— 200	345,800	324,150
Arkansas	77,200	75,043	77,300	+ 100	76,750	72,350
Mississippi	50,000		54,150	+ 3,300	55,300	75,850
Illinois	233,000		215,400	+ 5,400	216,500	268,450
Indiana	14,500		14,050	+ 1,700	13,400	17,950
Eastern— (Not incl. Ill. Ind. Ky.)	88,100		76,400	—1,450	77,000	79,600
Kentucky	25,000		23,150	+ 1,800	22,050	11,600
Michigan	60,100		55,800	— 100	56,200	60,100
Wyoming	97,200		96,500	+ 2,800	91,700	91,150
Montana	21,800		20,850	— 50	20,900	21,700
Colorado	7,000		7,300	— 100	7,100	6,700
New Mexico	105,700	105,700	104,050	+ 100	100,500	70,650
Total East of Calif.	3,501,500		3,347,900	+25,100	3,306,950	2,991,400
California	827,000	§827,000	770,800	— 9,500	775,300	699,200
Total United States	4,328,500		4,118,700	+15,600	4,082,250	3,690,600

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in April, 1943, as follows: Oklahoma, 27,400; Kansas, 5,400; Texas, 107,400; Louisiana, 20,000; Arkansas, 2,700; Illinois, 11,200; Eastern (not including Illinois, Indiana or Kentucky), 8,900; Kentucky, 3,200; Michigan, 100; Wyoming, 2,300; Montana, 300; New Mexico, 5,200; California, 44,900.

†Oklahoma, Kansas, Nebraska figures are for week ended 7 a.m. July 22, 1943.

‡This is the net basic allowable as of July 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 15 days, the entire state was ordered shut down for 9 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 9 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED JULY 24, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

					Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis			
	Daily Refining Capacity		Crude Runs to Stills					
District—	Potential Rate	% Reporting	Daily Average	% Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,444	88.7	1,888	77.3	5,267	30,904	15,122	14,162
Appalachian	177	84.8	143	80.8	416	2,159	1,056	509
Ind., Ill., Ky.	824	85.2	753	91.4	2,627	15,051	5,623	3,270
Okla., Kans., Mo.	416	80.1	348	83.7	1,161	6,267	2,026	1,693
Rocky Mountain	147	55.9	96	65.3	278	1,733	355	659
California	817	89.9	745	91.2	1,674	19,600	11,707	46,699
Tot. U. S. B. of M. basis July 24, 1943	4,825	86.4	3,973	82.3	11,423	†75,714	35,889	66,992
Tot. U. S. B. of M. basis July 17, 1943	4,825	86.4	3,962	82.1	11,189	76,565	35,036	67,017
U. S. Bur. of Mines basis July 25, 1943			3,640		10,706	80,762	36,046	77,512

*At the request of the Petroleum Administration for War. †Finished, 65,264,000 barrels; unfinished, 10,450,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,409,000 barrels of kerosene, 3,896,000 barrels of gas oil and distillate fuel oil and 8,366,000 barrels of residual fuel oil produced during the week ended July 24, 1943, which compares with 1,453,000 barrels, 3,989,000 barrels and 8,331,000 barrels, respectively, in the preceding week and 1,159,000 barrels, 3,647,000 barrels and 6,796,000 barrels, respectively, in the week ended July 25, 1942.

June Hotel Sales Higher

In its August bulletin, Horwath & Horwath, New York public accountants, report that the large monthly gains over last year continued in June at pretty much the same rates as in May. The increase in total sales was 32% compared with 30 the month before and 31% for the first half of 1943.

The firm supplies the following statistical data:

JUNE, 1943, COMPARED WITH JUNE, 1942

	Sales, Increase or Decrease					Occupancy		
	*Total	Rooms	Total Restaurant	Food	Beverages	June 1943	June 1942	†Room Rate Increase or Decr.
New York City	+34%	+36%	+31%	+30%	+31%	88%	70%	+ 8%
Chicago	+35	+31	+39	+34	+51	84	72	+12
Philadelphia	+51	+38	+69	+56	+92	82	68	+14
Washington	+17	+ 7	+22	+18	+34	93	92	+ 6
Cleveland	+24	+22	+26	+25	+26	85	75	+ 8
Detroit	+28	+17	+39	+34	+47	89	81	+ 7
Pacific Coast	+46	+42	+50	+50	+49	81	66	+15
Texas	+36	+25	+54	+55	+52	92	80	+ 8
All Others	+29	+22	+36	+35	+38	81	71	+ 7
Total	+32%	+27%	+36%	+37%	+39%	84%	71%	+ 8%
Year to Date	+31%	+26%	+34%	+32%	+39%	83%	71%	+ 7%

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on July 31 a summary for the week ended July 24 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended July 24, 1943

	Total for Week
Odd-Lot Sales by Dealers: (Customers' purchases)	
Number of Orders	19,910
Number of Shares	554,595
Dollar Value	21,852,172
Odd-Lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Cusomers' short sales	218
*Customers' other sales	18,465
Customers' total sales	18,683
Number of Shares:	
Customers' short sales	4,560
*Customers other sales	475,512
Customers' total sales	480,072
Dollar value	16,573,099
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	160
†Other sales	119,935
Total sales	120,095
Round-Lot Purchases by Dealers—	
Number of shares	180,690

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement—Week Ended July 24, 1943

According to the National Lumber Manufacturers Association, lumber shipments of 472 mills reporting to the National Lumber Trade Barometer were 3.2% below production for the week ended July 24, 1943. In the same week new orders of these mills were 0.03% greater than production. Unfilled order files in the reporting mills amounted to 106% of stocks. For reporting softwood mills, unfilled orders are equivalent to 41 days' production at the current rate, and gross stocks are equivalent to 36 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 10.6%; orders by 13.8%.

Compared to the average corresponding week of 1935-39 production of reporting mills was 27.5% greater; shipments were 29.8% greater; and orders were 30.2% greater.

Lend-Lease For Martinique

Approximately 6,200 tons of essential foods and other supplies have arrived at the French islands of Martinique and Guadeloupe, it was announced on July 26 by Edward R. Stettinius, Jr., Lend-Lease Administrator.

An International News Service dispatch from Washington published in the "Wall Street Journal" had the following to say:

"The shipment was dispatched immediately after Admiral Georges Robert resigned as French High Commissioner to the islands. The supplies were earmarked for the islands last May.

"The goods are being distributed under the direction of Robert's successor, Henri Etienne Hoppenot, and a representative of the Lend-Lease Administration. Stettinius said Lend-Lease will be reimbursed for the full cost of the shipment."

Revenue Freight Car Loadings During Week Ended July 24, 1943 Increased 6,496 Cars

Loading and revenue freight for the week ended July 24, 1943 totaled 883,826 cars, the Association of American Railroads announced on July 29. This was an increase above the corresponding week of 1942 of 28,311 cars, or 3.3%, but a decrease below the same week in 1941, or 13,738 cars or 1.5%.

Loading of revenue freight for the week of July 24, increased 6,496 cars, or 0.7% above the preceding week.

Miscellaneous freight loading totaled 385,837 cars, an increase of 7,681 cars above the preceding week, but a decrease of 4,504 cars below the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 97,316 cars, a decrease of 524 cars below the preceding week, but an increase of 9,728 cars above the corresponding week in 1942.

Coal loading amounted to 177,700 cars, an increase of 1,451 cars above the preceding week, and an increase of 15,413 cars above the corresponding week in 1942.

Grain and grain products loading totaled 58,839 cars, a decrease of 3,665 cars below the preceding week, but an increase of 12,509 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of July 24 totaled 43,625 cars, a decrease of 4,138 cars below the preceding week but an increase of 13,521 cars above the corresponding week in 1942.

Live stock loading amounted to 13,767 cars, a decrease of 174 cars below the preceding week, but an increase of 3,131 cars above the corresponding week of 1942. In the Western Districts alone, loading of live stock for the week of July 24, totaled 9,454 cars, a decrease of 267 cars below the preceding week, but an increase of 1,976 cars above the corresponding week in 1942.

Forest products loading totaled 47,690 cars, an increase of 1,441 cars above the preceding week but a decrease of 6,444 cars below the corresponding week in 1942.

Ore loading amounted to 88,567 cars, a decrease of 1,104 cars below the preceding week and a decrease of 1,757 cars below the corresponding week in 1942.

Coke loading amounted to 14,110 cars, an increase of 1,390 cars above the preceding week, and an increase of 235 cars above the corresponding week in 1942.

All districts reported increases compared with the corresponding week in 1942, except the Southern but all districts reported decreases compared with 1941 except the Northwestern, Centralwestern & Southwestern.

	1943	1942	1941
5 weeks of January	3,530,849	3,858.479	3,454.409
4 weeks of February	3,055,640	3,122,942	2,866,565
4 weeks of March	3,073,426	3,174,781	3,066,011
4 weeks of April	3,136,253	3,350,996	2,793,630
5 weeks of May	4,149,703	4,170,548	4,160,060
4 weeks of June	3,151,146	3,385,655	3,510,057
Week of July 3	852,106	753,740	740,359
Week of July 10	808,630	855,158	876,142
Week of July 17	877,330	857,146	899,370
Week of July 24	883,826	855,515	897,564
Total	23,518,914	24,384,960	23,264,167

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended July 24, 1943. During this period 69 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED JULY 24

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Eastern District—					
Ann Arbor	222	416	629	1,584	1,272
Bangor & Aroostook	930	1,096	1,105	258	174
Boston & Maine	6,157	5,900	9,049	13,610	13,023
Chicago, Indianapolis & Louisville	1,456	1,500	1,559	2,104	1,961
Central Indiana	30	35	40	46	68
Central Vermont	1,118	905	1,470	2,587	2,443
Delaware & Hudson	6,638	6,490	7,591	12,243	10,826
Delaware, Lackawanna & Western	7,704	7,697	10,541	12,140	9,525
Detroit & Mackinac	163	247	367	135	147
Detroit, Toledo & Ironton	2,099	1,461	2,892	1,329	1,254
Detroit & Toledo Shore Line	268	307	365	2,381	3,061
Erie	14,267	12,722	16,269	18,148	15,922
Grand Trunk Western	3,614	4,128	6,122	8,059	8,238
Lehigh & Hudson River	168	133	154	2,984	3,054
Lehigh & New England	2,264	2,149	2,603	1,666	2,072
Lehigh Valley	8,569	8,889	10,361	16,046	12,704
Maine Central	2,258	2,250	3,260	2,304	2,543
Monongahela	6,403	6,286	6,391	399	356
Montour	2,435	2,338	2,469	183	36
New York Central Lines	54,567	46,643	53,774	57,472	56,060
N. Y., N. H. & Hartford	9,664	9,744	12,357	18,941	18,848
New York, Ontaric & Western	1,349	1,025	1,344	2,644	2,617
New York, Chicago & St. Louis	7,235	7,336	7,444	16,035	17,000
N. Y., Susquehanna & Western	523	383	487	2,652	1,411
Pittsburgh & Lake Erie	7,532	7,856	8,653	9,540	9,066
Pere Marquette	4,905	5,193	6,664	8,428	6,024
Pittsburg & Shawmut	913	744	643	24	26
Pittsburg, Shawmut & North	422	211	412	270	206
Pittsburgh & West Virginia	1,152	1,092	1,286	3,470	2,703
Rutland	367	325	575	948	1,094
Wabash	5,699	5,528	6,662	13,684	12,921
Wheeling & Lake Erie	5,377	5,224	5,567	5,136	5,028
Total	166,468	156,253	189,110	237,450	221,683
Allegheny District—					
Akron, Canton & Youngstown	724	690	809	957	1,112
Baltimore & Ohio	43,641	41,753	43,510	29,864	25,214
Bessemer & Lake Erie	6,465	6,686	7,656	1,771	2,610
Buffalo Creek & Gauley	*278	299	317	*3	2
Cambria & Indiana	1,801	2,019	1,703	4	11
Central R. R. of New Jersey	7,182	6,925	8,411	21,951	18,864
Cornwall	667	643	668	62	61
Cumberland & Pennsylvania	253	276	307	13	19
Ligonier Valley	126	147	118	29	49
Long Island	1,463	921	911	3,766	3,713
Penn-Reading Seashore Lines	1,788	1,659	1,786	2,806	2,443
Pennsylvania System	86,237	84,268	90,960	69,460	65,129
Reading Co.	16,073	14,341	17,481	27,259	27,826
Union (Pittsburgh)	20,201	21,385	19,884	8,508	7,166
Western Maryland	4,308	3,969	4,085	12,202	12,100
Total	191,207	185,981	198,615	178,656	166,346
Pocahontas District—					
Chesapeake & Ohio	29,454	28,828	29,338	14,036	13,888
Norfolk & Western	22,537	23,139	25,027	7,897	6,757
Virginian	4,915	4,602	4,928	2,115	1,965
Total	56,906	56,569	59,293	24,048	22,610
Southern District—					
Alabama, Tennessee & Northern	266	305	321	371	308
Atl. & W. P.—W. R. R. of Ala.	556	771	965	2,569	2,940
Atlanta, Birmingham & Coast	826	1,131	1,507	1,234	962
Atlantic Coast Line	11,305	9,992	9,121	9,481	9,083
Central of Georgia	3,694	4,206	5,123	3,969	3,878
Charleston & Western Carolina	507	379	488	1,573	1,385
Clinchfield	1,691	1,561	1,785	2,744	2,573
Columbus & Greenville	302	405	316	138	277
Durham & Southern	110	156	187	519	756
Florida East Coast	1,152	565	408	1,658	1,341
Gainesville Midland	44	36	36	101	156
Georgia	1,123	1,338	1,387	3,025	2,960
Georgia & Florida	289	438	360	406	500
Gulf, Mobile & Ohio	3,567	4,195	4,014	4,329	5,095
Illinois Central System	28,337	29,990	25,909	17,862	18,020
Louisville & Nashville	25,635	25,753	26,144	12,055	10,984
Macon, Dublin & Savannah	281	209	190	640	571
Mississippi Central	269	228	186	429	583
Nashville, Chattanooga & St. L.	3,142	3,021	3,515	5,131	4,637
Norfolk Southern	1,892	1,503	1,286	1,107	1,772
Piedmont Northern	349	286	471	1,014	1,125
Richmond, Fred. & Potomac	458	451	449	10,078	9,052
Seaboard Air Line	9,785	9,366	9,749	8,133	8,159
Southern System	22,333	23,212	24,521	23,289	22,939
Tennessee Central	530	582	545	948	877
Winston-Salem Southbound	96	84	148	855	822
Total	118,539	119,663	119,131	113,658	111,755
Northwestern District—					
Chicago & North Western	22,294	21,364	23,051	14,435	13,981
Chicago Great Western	2,769	2,253	2,783	2,734	3,236
Chicago, Milw., St. P. & Pac.	20,560	19,539	23,149	11,410	9,678
Chicago, St. Paul, Minn. & Omaha	3,716	3,060	3,941	3,718	3,496
Duluth, Missabe & Iron Range	29,729	31,731	24,470	439	464
Duluth, South Shore & Atlantic	796	1,167	955	539	685
Elgin, Joliet & Eastern	8,627	9,389	10,593	10,967	10,815
Ft. Dodge, Des Moines & South	428	575	571	109	131
Great Northern	26,246	27,448	26,234	5,505	5,222
Green Bay & Western	404	470	625	1,000	711
Lake Superior & Ishpeming	3,239	2,036	2,698	38	49
Minneapolis & St. Louis	1,801	2,086	2,278	2,366	2,331
Minn., St. Paul & S. S. M.	7,555	7,675	8,055	2,871	3,173
Spokane International	13,835	11,644	12,250	5,973	5,240
Northern Pacific	153	215	258	586	828
Spokane, Portland & Seattle	2,680	2,687	2,546	3,138	2,676
Total	144,832	143,339	144,457	65,828	62,716
Central Western District—					
Atch., Top. & Santa Fe System	22,343	23,924	24,158	11,927	11,817
Alton	3,610	3,603	3,629	4,164	4,921
Bingham & Garfield	617	670	608	115	127
Chicago, Burlington & Quincy	21,981	17,705	19,948	11,795	11,341
Chicago & Illinois Midland	3,184	2,445	2,638	827	1,042
Chicago, Rock Island & Pacific	13,551	12,780	14,432	11,747	11,356
Chicago & Eastern Illinois	2,580	2,213	2,886	5,641	4,046
Colorado & Southern	887	759	804	1,769	1,512
Denver & Rio Grande Western	3,760	3,760	3,484	6,458	6,114
Denver & Salt Lake	697	661	698	12	21
Fort Worth & Denver City	1,009	1,049	1,280	1,558	1,307
Illinois Terminal	1,977	1,607	1,935	1,933	2,583
Missouri-Illinois	1,049	1,340	1,157	503	449
Nevada Northern	2,058	2,060	1,930	94	150
North Western Pacific	943	1,169	1,149	882	612
Peoria & Pekin Union	24	24	99	----	----
Southern Pacific (Pacific)	34,218	31,221	30,202	14,438	9,955
Toledo, Peoria & Western	271	354	323	1,650	1,650
Union Pacific System	15,906	14,090	16,538	17,280	15,526
Utah	567	606	280	4	2
Western Pacific	2,057	2,255	1,815	4,138	3,697
Total	133,289	124,295	129,993	96,935	88,228
Southwestern District—					
Burlington-Rock Island	432	537	182	178	229
Gulf Coast Lines	5,665	4,392	2,815	3,137	2,292
International-Great Northern	2,566	2,546	2,228	3,129	2,482
Kansas, Oklahoma & Gulf	327	338	218	1,128	1,063
Kansas City Southern	5,346	4,626	2,712	2,791	3,078
Louisiana & Arkansas	3,501	4,360	2,001	3,271	2,197
Litchfield & Madison	373	290	379	1,478	1,298
Midland Valley	731	683	837	258	213
Missouri & Arkansas	225	168	158	397	403
Missouri-Kansas-Texas Lines	5,320	5,432	4,798	5,860	4,738
Missouri Pacific	17,058	16,558	17,387	19,763	18,795
Quanah Acme & Pacific	64	81	166	249	215
St. Louis-San Francisco	9,116	8,820	9,247	9,487	7,979
St. Louis Southwestern	2,796	2,805	2,627	7,488	6,445
Texas & New Orleans	13,964	12,680	7,252	5,418	5,314
Texas & Pacific	4,995	4,903	3,765	6,873	7,764
Wichita Falls & Southern	85	127	176	40	35
Weatherford M. W. & N. W.	21	69	17	26	29
Total	72,585	69,415	56,965	70,971	64,569

Note—Previous year's figures revised. *Previous week's figures.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1943—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
Apr. 3	172,412	153,030	511,220	95	90
Apr. 10	153,260	153,006	510,784	95	91
Apr. 17	164,805	152,494	515,700	96	92
Apr. 24	159,231	155,163	517,473	97	92
May 1	147,212	135,924	525,287	89	92
May 8	165,871	153,934	522,336	96	92
May 15	177,968	151,653	561,571	96	93
May 22	142,673	152,960	548,911	96	93
May 29	151,308	150,504	545,673	95	93
Jun. 5	168,051	141,337	565,291	92	93
Jun. 12	172,437	149,675	586,183	97	93
Jun. 19	136,166	142,865	561,945	95	93
Jun. 26	133,808	145,324	547,301	96	93
July 3	179,835	144,232	580,683	92	93
July 10	111,912	100,115	573,342	69	93
July 17	151,993	140,803	587,181	91	93
July 24	136,881	148,852	572,786	97	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

"Big Inch" Pipe Line Completed

The greatest oil artery on earth became a finished 1362-mile Texas-to-East Coast tube on the afternoon of July 19 as welders sealed the final pipe sections of the War Emergency Pipeline near Phoenixville, Pa., Petroleum Administrator for War Harold L. Ickes announced.

Pipe for the 810-mile eastern extension of the "Big Inch" pipeline was laid in six months despite extreme winter weather and flood conditions that hampered construction operations throughout almost the entire period of construction, according to Administrator Ickes, who said:

"Pump stations between Norris City, Ill.—present Midwest tankcar trans-shipment terminal of the pipeline—and refinery destinations at New York and Philadelphia are approaching completion at a rapid pace. We now have reasonable assurance that 'Big Inch' oil will be running all the way from Texas to eastern refineries within the next three weeks, the time required simply to fill the huge tube with oil.

"Oil deliveries of about 100,000 barrels a day will start with the completion of four of the fifteen pump stations now under construction between Norris City and Phoenixville, where the 'Big Inch' branches to New York and Philadelphia.

"By August 15, five additional stations wil be in operation and oil deliveries stepped up to 200,000 barrels a day. The full complement of pump stations will be placed in operation just as fast as pumping equipment can be secured and installed."

Completion of the main-line pipe laying work was marked by a brief official ceremony and inspection of the Phoenixville pump station and storage facilities. Representatives of the eleven oil companies which organized War Emergency Pipelines, Inc. to build the 'Big Inch' and its companion tube, the 20-inch War Emergency Products Pipeline now under construction between refineries at Houston-Beaumont, Texas and the East Coast, participated with Petroleum Administrator Ickes in dedicating the pipelines to "its prime task—the assurance of a steadily expanding flow of war fuel for the war forces of the United Nations."

Designed to deliver 300,000 barrels of crude oil or light fuel oil daily at East Coast refinery and distribution centers, the "Big Inch" may actually transport more than that amount when full operations are attained, according to PAW pipeline engineers.

The 24-inch pipeline will hold approximately 4,000,000 barrels of oil—a perpetual reservoir moving constantly eastward at a rate of approximately 100 miles a day.

Total cost of the Texas-East Coast pipeline runs close to $95,000,000, but projected schedules of operation indicate that the line would pay out and return the full investment to the tax-payers in approximately five years of operations at full capacity.

Roth Named To WLB

President Roosevelt has appointed Almon E. Roth as an employer member of the War Labor Board succeeding Roger D. Lapham, who resigned. Mr. Roth, President of the San Francisco Council of Employers, was formerly an alternate member. James Tanham, Vice President of the Texas Co., was named as the alternate industry member in place of Mr. Roth. The resignation of Mr. Lapham was notified in these columns July 1, page 16.

Items About Banks, Trust Companies

Eugene W. Stetson, President of the Guaranty Trust Company of New York, announced on July 29 the appointments of Robert W. Morey and Francis P. Ford as Second Vice President of the company. Both Mr. Morey and Mr. Ford were formerly Assistant Treasurers, having been associated with the Guaranty for many years, and with their new appointments continue to be identified with the company's banking relationships in the New England States.

Walter L. Schnaring, Vice President of the Central Hanover Bank and Trust Co., New York City, died on July 17 at his home in Summit, N. J. Mr. Schnaring had been associated with the Central Hanover since 1929. He had previously been connected with the National City Bank of New York and the National Bank of Republic, Chicago.

Horace Havemeyer, Jr., Executive Vice-President and a Director of the National Sugar Refining Co., has been elected a Trustee of the New York Trust Co., John E. Bierwirth, President, announced on Aug. 3. Mr. Havemeyer is also a Director of the Brooklyn Eastern District Terminal and the Scranton and Lehigh Coal Co.

The Norfolk County Trust Co., Brookline, Mass., a State member bank of the Federal Reserve System, has absorbed the Walpole Trust Co., Walpole, Mass., a non-member insured bank, it is announced by the Board of Governors of the Federal Reserve System. In connection with the absorption two branches were established at Walpole.

The Riverside Trust Co., Hartford, Conn., has been admitted to membership in the Federal Reserve System, it was announced July 29 by William J. Paddock, President of the Federal Reserve Bank of Boston. The bank was incorporated in 1907, and its deposits at the present time are approximately $7,733,000. Oliver B. Ellsworth is President and Trust Officer of the institution.

The Springdale (Conn.) Bank and Trust Co., a State member bank of the Federal Reserve System, has absorbed the Stamford Industrial Bank, an uninsured bank, and changed its location to Stamford, it is announced by the Board of Governors of the Federal Reserve System.

Robert Munro Boyd, Jr., attorney and Vice-President of the Bloomfield (N. J.) Trust Co., died on July 23 at his home in Montclair, N. J. He was 80 years old. Mr. Boyd was one of the organizers of the Montclair Trust Co. and of the Bloomfield Trust Co. He also served as a director of both these institutions and acted as legal advisor to them and the Essex Title Guaranty & Trust Co. of Montclair.

Thomas H. Cullinan, retired President of the Beneficial Saving Fund Society of Philadelphia, died on July 26 in a Philadelphia hospital. Mr. Cullinan, who was 69 years old, retired from the bank in June, 1942, because of illness after having been associated with the institution for 45 years. He retained his membership on the Board of Directors. Mr. Cullinan entered the service of the Beneficial Saving Fund Society in 1897 and advanced through various positions until he was elected President in 1935.

C. Edwin Webb, President of Charles J. Webb Sons Co., Inc., has been elected a Director of the Corn Exchange National Bank & Trust Co., Philadelphia.

Henry H. McKee, President of the National Capital Bank, Washington, D. C., announced his resignation on July 31. Mr. McKee will be succeeded as President by George A. Didden, Jr., First Vice-President and a Director of the National Capital Bank. Mr. McKee, who has been associated with the bank since it was organized in 1889, will remain as Chairman of the Board. He has been President for the past 26 years. He also will remain as President of the East Washington Savings Bank, which he helped organize in 1905.

Earl G. Jonscher, Chairman of the Fiduciaries Section of the District of Columbia Bankers Association, announced on July 28 appointment of seven committee chairmen. They are, according to the Washington "Post," Nominating, Aubrey O. Dooley, of Hamilton National Bank; program, Lester A. Lawrence of National Savings & Trust Co.; publicity, Edwin B. Shaw, of Riggs National Bank; standardization, Bernard L. Amiss, of Washington Loan & Trust Co.; taxation, William Rea, of American Security & Trust Co.; trust investment, Max E. Quigley of National Metropolitan Bank; trust law and legislation, Henry K. Dierkoph, of Riggs National Bank.

M. J. Fleming, President of Federal Res. Bank of Cleveland, announced on Aug. 2 that the Miners & Merchants Bank, Smithfield, Ohio, had been admitted to membership in the Federal Reserve System, and is now operating as a member bank. The bank commenced operations in 1908 with a capital of $25,000. Total deposits at the present time are in excess of $500,000. A. G. Wolfe is President of the institution.

The Gary State Bank, Gary, Ind., a state-chartered institution since its founding on March 4, 1908, has been granted preliminary approval by the Comptroller of the Treasury to convert into a national bank under the name Gary National Bank. Final approval has been assured after the proposal has been ratified and approved by the stockholders, who are being notified of a meeting in the near future to take action, it was announced by W. W. Gasser, President. The change is expected to take effect around the middle of this month.

Explaining the reason for the conversion, Mr. Gasser said deposits had grown to a point—ranging from $28,000,000 to $31,000,000 that the directors felt a national charter would be welcome to the depositors. Many of the national firms the bank serves, he said, are more familiar with the national bank laws than those of the various states.

A. J. Mulrooney, Vice-President of the Federal Reserve Bank of Chicago, died in Evanston Hospital, Chicago, after a brief illness. He was 45 years old. Mr. Mulrooney was Second Deputy Comptroller of the Currency in Washington from May, 1939, until he was elected to his Federal Reserve office in September, 1941. Mr. Mulrooney went to Washington in 1933 to serve in the Reorganization Division of the Office of the Comptroller of the Currency being in charge of reorganizing all national banks in the Seventh (Chicago) and Ninth (Minneapolis) Federal Reserve Districts. Later he was Assistant Chief National Bank Examiner in charge of the Preferred Stock Division. Before going to Washington, Mr. Mulrooney was a bank examiner in his native Iowa and later a national bank examiner.

Following the regular monthly meeting of the Board of Directors of the United States National Bank of Portland (Ore.), on July 30, Paul S. Dick, President, announced the election to the Board of Edmund Hayes. Mr. Hayes is President of the Row River Lumber Co., Vice-President of the National Lumber Manufacturers Association and former President of the West Coast Lumbermen's Association. He is also a member of the Industrial Advisory Committee of the Federal Reserve Bank, San Francisco, and of the War-Manpower Committee for the Portland, Ore., area.

Presidential Group Offers Program For Post-War Readjusiment Of Military, Civil Personnel

President Roosevelt made public on July 30 a report on demobilization and readjustment in the post-war period of the civilian and military personnel.

The President said he approved of the general objectives but gave no broad endorsement of its details, since, he added, Congress would have to make the decision.

The report was drafted by a 12-member committee which Mr. Roosevelt named last year operating under direction of the now defunct National Resources Planning Board.

The report in general was an elaboration of the six recommendations the President made in his radio address of July 28.

The following concerning the group's study was reported in Associated Press Washington advices of July 30:

The committee foresaw a possible temporary unemployment of eight or nine million persons after demobilization, but said this should not be accepted as an argument "against the possibility of attaining a high level of employment under long-term stabilization plans."

Briefly, it recommended for members of the armed services three months' furlough or mustering-out pay of not more than $100 a month, unemployment insurance benefits for 26 weeks for those not working inside of three months, readjustment counsel to help find new jobs, free tuition and allowances for education and training, old-age insurance benefit credits for time spent in uniform, and opportunities for agricultural employment and purchase of farms.

For civilian war workers, the group proposed creation of readjustment centres similar to those to aid ex-service men, with counsel regarding re-training for other jobs; strengthening of existing employment agencies for their heavier load and an orderly cancellation of war contracts.

Evidently opposed to a bonus such as that voted veterans of the first World War, the committee said the furlough or mustering-out pay—to visit home, to sustain the men while seeking a job or more education, and to acquire civilian clothes—are "explicitly made in lieu of any other grants for such purposes to avoid making large payments at any one time, which might be dissipated and fail to fulfill the social purposes for which they are granted."

The committee said it "believes that full employment in the post-war world is a goal not impossible to attain," but that it "cannot be achieved by piecemeal or partial measures."

"It will require a general integration of policy and a guiding philosophy of national management, covering fiscal, economic, industrial and social activities," the report said, adding:

"We must assume, however, that it is the intention of the government to foster what may be generally described as a dynamic expansionary economy in the readjustment period. Such an economy would seek to make full and effective use of the nation's resources and its productive capacity.

"It would strive to establish and maintain production and consumption on high levels. It would seek the rapid conversion of war plants to peacetime use and give all proper encouragement to the development of private industry and a corresponding rapid development of needed public works and services."

The report declared that the country "will look to the government for the development and expression of this philosophy and for leadership—the sort of leadership that, exerted at the proper time, will carry the country over a period of doubt, hesitation and inactivity."

As one aid to help lessen an otherwise big unemployment army right after the war ends, the committee proposed that the men should not be finally discharged until after three months during which they would receive their furlough, or separation pay.

The committee said the nation's industrial experience during the war indicates "there are no insuperable technical difficulties in bringing about a state of full employment." They added that "We have reached such a state of industrial and general productivity that it is technically possible for us, under conditions of full employment in times of peace, to provide a reasonable standard of living for all our people."

But this will not come automatically, the committee said.

"In order to attain full employment there must be devoted to the effort as high a degree of planning and organizing ability, as great as willingness to adopt new methods, and as great an interest in and devotion to our national welfare as the nation is now developing and exhibiting with military victory at stake."

Here are the detailed recommendations as they affect members of the armed forces:

1. Three months' furlough or mustering-out pay at regular base pay not to exceed $100 a month, plus family allowances.

Acceptance of employment during this period would not terminate this separation pay. Discharge would follow at end of three months' transition period unless the man is accepted for re-enlistment for active duty.

Such a transition period was recommended to avoid the abrupt discharge after previous wars and permit service men to relocate in jobs and generally to readjust themselves in civilian life.

2. Beyond the three months' period, if necessary, unemployment insurance for 26 weeks for those registering with the United States Employment Service. After discharge, men would be eligible for such payments at any time they became unemployed within the following 12 months.

3. Special aid and counsel regarding readjustment and rehabilitation. For men desiring to resume industrial or other employment, a program of vocational and job training designed to prepare them to re-enter their old jobs or occupations or to find appropriate employment in new ones. A consulting service should be provided to advise, guide and direct men to the courses of study appropriate to their needs.

4. Special porvision, including tuition and allowances, for those who wish to pick up the broken threads of their education or follow some special course of training.

Education and training programs would involve two major plans—a general plan to meet the needs of the great majority of ex-service men, and a supplementary plan for those who had entered upon an extended educational program when inducted.

Duration of the training under the general plan would not exceed one year. Eligibles would receive free tuition for general and vocational or professional training plus modest allowances for maintenance. Men serving 90 days or more could qualify for the supplemental training, with selections made on a competitive basis. This education would be under a system of scholarships carrying with them reasonable maintenance allowances.

5. Veterans' credit for old-age and survivors insurance on the basis of service in the armed forces. Federal credits under these laws for veterans at the rate at which he would have been covered had he remained in a job covered by the law.

6. Opportunities for agricultural employment and settlement to be provided for a limited number of qualified service men, with the object of keeping a high level of farm output. These opportunities should also be called to the attention of war industry workers through an agricultural employment service.

The National Resources Planning Board (NRPB) in an introduction to the report said, however, that in general "agriculture should not be looked upon as a dumping ground for the industrial unemployed, since the problem is broader than that of agriculture alone."

For demobilization of war workers, whether in industry or Government, the Committee proposed:

1. Setting up of readjustment centres in the chief centres of war industry to help civilian workers find new jobs.

2. Strengthening of Federal agencies to provide such assistance.

3. A moderate policy in the continuation or cancellation of war contracts—a policy which the Resources Board commented should "avoid the dumping of workers on an over-stocked market, so far as this is feasible."

The independent group making the exhaustive study—which the board indorsed and asked that action be taken now—was composed of:

Dr. Floyd W. Reeves, of the Resources Board, chairman; Dr. Francis J. Brown, education adviser, joint Army-Navy Committee on Welfare and Recreation; Dr. Edward C. Elliott, chief, professional and technical employment and training division, War Manpower Commission (WMC); Dr. William Haber, director, Bureau of Program Requirements, WMC; Brig. Gen. Frank T. Hines, Administrator, Veterans Administration; Major Gen. Lewis B. Hershey, Selective Service Director; Dr. A. F. Hinrichs, acting commissioner, Bureau of Labor Statistics; Lieut. Commander Ralph A. Sentman, retired, Educational Service Section, Training Division, Navy Bureau of Personnel; Col. Francis T. Spaulding, chief education branch, War Department Special Service Division; Howard R. Tolley, chief, Bureau of Agriculture Economics, Agriculture Department; Dr. Thomas J. Woofter, Jr., director of research, Federal Security agency, and Leonard Outhwaite, Resources Board Secretary.

Simms Now At Seattle Reserve Bank Branch

David E. Simms, immediate past President of the American Institute of Banking, who formerly was Assistant Manager of the Salt Lake City branch of the Federal Reserve Bank of San Francisco, has been transferred effective July 27, from that branch to the Seattle, Wash., branch of the bank. He will serve in the Seattle branch as Assistant Manager. Mr. Simms has a long record of service to the AIB. He has served as a member of its Executive Council and was elected President in 1942. He is now ex-officio a member of the Executive Council, and is Chairman of its Budget Committee.